

JOBS FOR ALL

TALKS AND DISCUSSIONS ON FULL
EMPLOYMENT, AND ITS EFFECT ON
INDUSTRY AT HOME AND ABROAD,
BROADCAST IN THE HOME SERVICE
OF THE B.B.C.

With Foreword by

G. D. N. WORSWICK

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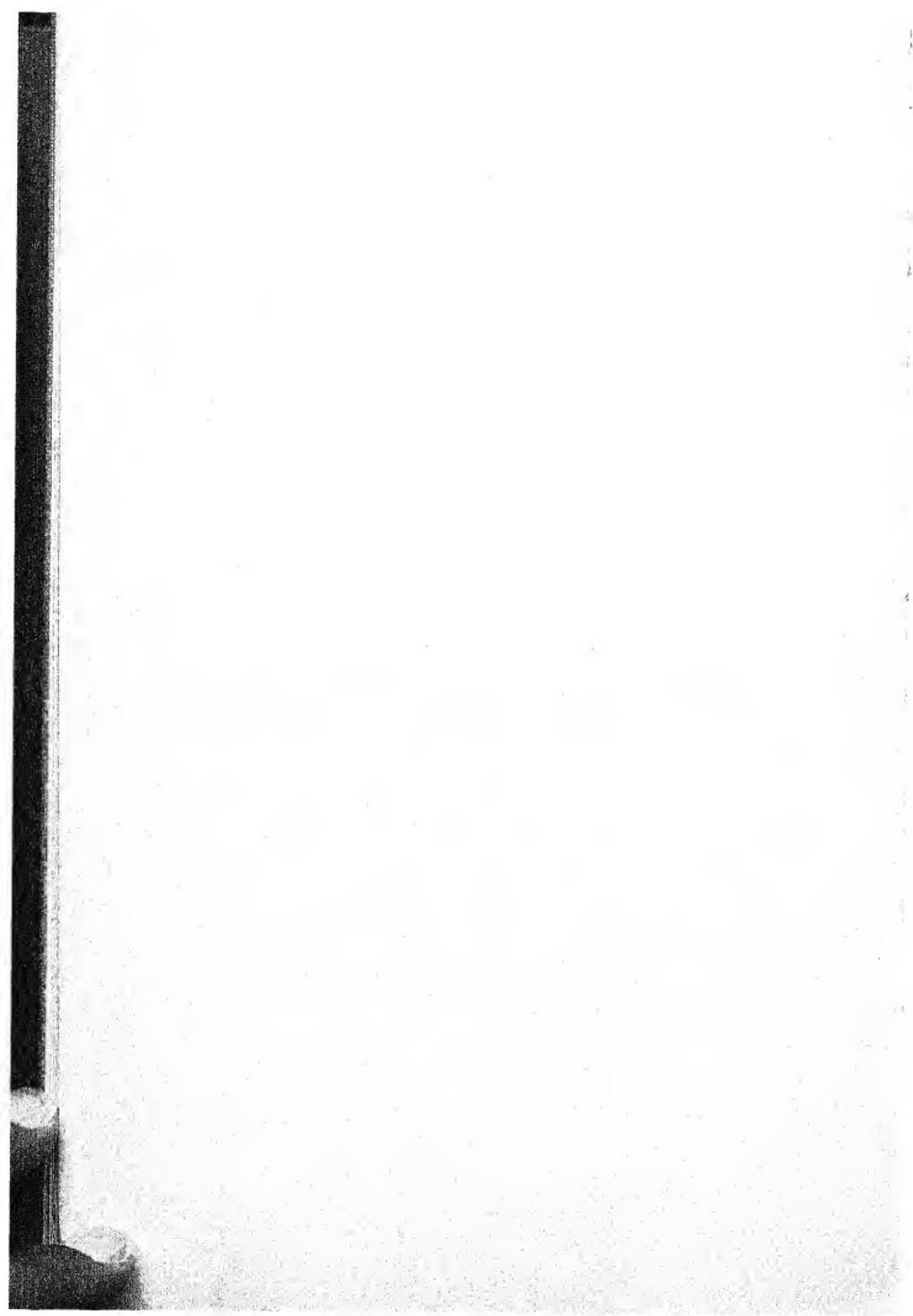
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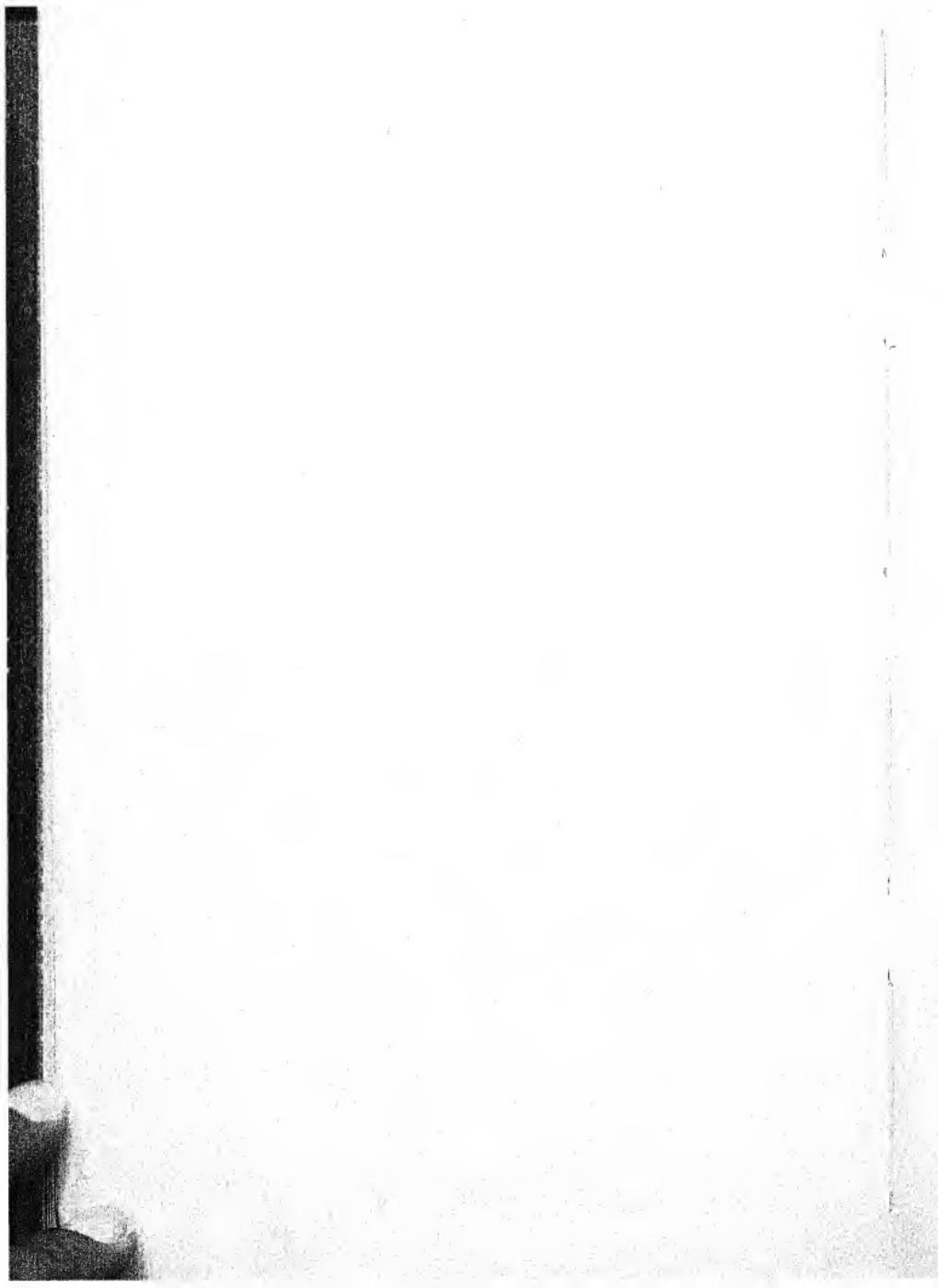
FOREWORD

This little book reproduces, with some very slight alterations, the eight broadcasts given last December under the title "Jobs for All." The scripts were not written to be read, but to be spoken. The interest aroused by the series was so great, however, that it was felt that it would be useful to publish the broadcasts in this form. Many listeners who missed some of the discussions will have an opportunity of reading the series as a whole, while others will be able to study the arguments at their leisure.

The treatment of an issue of such fundamental importance as Full Employment presented many difficult problems. The B.B.C. boldly reserved a peak listening period on eight evenings within a fortnight. For this very reason, anything in the form of "lectures" was at once ruled out. Our task was to expound and discuss the economics of full employment in everyday language, though without sacrificing accuracy, and to present the discussion in an attractive way. How far we succeeded listeners and readers of this series may judge for themselves, but I should like to take this opportunity of thanking all those who took part in the broadcasts for their enthusiastic efforts to make the series really worth while. In particular I wish to thank Mr. Christopher Salmon, the producer of the series, for his imagination and his kind but firm insistence on simplicity; my colleague Mr. E. F. Schumacher, whose gift for the lucid exposition of difficult ideas was invaluable; and Mr. Gordon McConnel, for his advice and encouragement to all who took part.

The royalties accruing from the net sales of this book will be given to the B.B.C. Week's Good Causes.

G. D. N. WORSWICK,
Editor of the Series
"Jobs for All."



No. 1
FULL EMPLOYMENT

**The new idea and the story of the Twentieth
Century unemployment, including accounts of
personal experience and statements on recent
American, Russian and German Economy**

Speakers

G. D. N. WORSWICK
SIR WILLIAM BEVERIDGE
MAURICE DOBB
DONALD CARSON
MARY ELLEN LEWIS
AND OTHERS

Announcer.—The Government has already published a White Paper in which it accepts "as one of its primary aims and responsibilities the maintenance of a high and stable level of employment after the war." We do not propose to examine any particular published plan or to pursue the problem in political terms, but to discuss the economic conditions of full employment in language which anyone and everyone can understand.

Worswick.—Full employment for peace is a new idea, born in the bitter years which followed the last war, growing in the depths of the great slump which shook the world in the "thirties." To many, those years of depression are still as vivid as yesterday. The younger generation knows less about them.

Let us begin with the facts. No one knows them better than Sir William Beveridge.

Beveridge.—Between the two wars, from 1921 to 1938, the unemployment rate in Britain, that is to say the percentage of unemployed among persons insured against unemployment, averaged fourteen. In 1938, the last full year of peace, there were nearly 1,900,000 persons, more than 12 per cent. of the labour force—unemployed. In 1943 there were only 100,000 and nearly a quarter of these were unsuitable for ordinary industrial work. In the melting away of unemployment in Britain, the second World War has repeated the experience of 1914-18.

In the United States experience has been more or less the same. Nearly 10,000,000 persons, or 18 per cent. of the labour force, were unemployed there in 1938; nearly 9,000,000 persons in 1939. Four years later, during war, in 1943, unemployment was down to below 1,000,000, a very small figure considering the tremendous labour turnover that has been required for American war production.

Mass unemployment in peace is not a new disease. Though unemployment was more severe between the wars than before 1914, it was by no means negligible in that earlier period. It has been with us in Britain, and with other countries similarly organised, for as long as there exist statistical records to show it. Before the first World War there was no general scheme of unemployment insurance in Britain, and therefore no comprehensive recording of unemployment. But the trade unions which gave out-of-work pay to their members were able to supply a continuous record of unemployment from the middle of the nineteenth century; in the last thirty-one years before the war, from 1883 to 1913, the unemployment rate in these trade unions ranged from just over two in the best years, such as 1889 and 1899, to more than eight in the worst years, such as 1908 and 1909, and averaged 4·8. This means that an average of about five out of every hundred trade union members were always without a job—just over two in good times and more than eight in bad times.

Each one per cent. of unemployment just before this war meant 150,000 persons unemployed, meant that we lost the output of that number. The twelve per cent. of unemployment in 1938 meant that we were poorer by about £500,000,000 in material wealth in that year than we should have been if we had used our man-power instead of wasting it in unemployment. But the direct loss of material wealth is only one—I think the least—of the evils of unemployment. Fear of unemployment at any moment is more widespread than unemployment itself. Fear of unemployment makes every man the enemy of his neighbour who may take his job. Fear of unemployment breeds restrictions of every kind on output, by employees and by employers. Fear makes us poorer still and less united.

Carson.—I'm a joiner by trade. In 1924 I finished my five years apprenticeship and this had included three years technical training at evening classes. A year later I was unemployed. No jobs on the Clyde. Another lad and I travelled to Barrow-in-Furness. We'd heard they wanted joiners there. It was no go. But we got work in Liverpool for some seven or eight months. There I spent my twenty-first birthday. By 1925 I was unemployed.

I was always brought up to regard idleness as a sin. My mother didn't consider I was seriously anxious to get work unless I went out every morning at 7 a.m. Nor did the Labour Exchange officials. It was a heart-breaking routine. Every day we lined up on the roadway outside a yard and waited for the foreman. Was he wanting any joiners?

Another method was to stand with the crowd at the reading room of the Public Library waiting for the first edition of the evening papers.

When we could afford it we went to the Unemployed Matinees in the local cinemas—admission threepence. We couldn't afford it often.

When you did get a job the usual comment from the others was "You're lucky to be working." Just imagine, a skilled craftsman was considered lucky to be earning a living.

By 1932 the Means Test was in operation.

I found out that I'd get 2/9d. per week instead of 17/-, because my widowed mother and two young sisters were working. I left home. Many of my friends were driven from home too, by this hated Means Test. Four or five of them rented a room and existed on "burroo" money. The unemployed workers' movement organised a petition against the Means Test, and more than two hundred unemployed left Scotland to march to London with the petition. I went with them. After this I got odd jobs, sometimes as a joiner—more often as a labourer.

Then I went to Spain to join the International Brigade.

I have had full employment since this war started. Surely the boys who are serving their apprenticeship now, and in the next few years, won't have to travel the hellish road my generation did.

Mary Lewis.—I am a quarry-man's wife. On and off for the forty years of my married life I have had to learn the meaning of that bitter word "unemployment." It was as far back as 1906, shortly after I married, that I had my first taste of it. I was a school teacher before I married, and perhaps that in itself made it seem a harder blow. It was a pitiful sight to see the workmen returning from the quarries with their tools under their arms, to be put away for God knew how long. Then the fight against poverty. A silent, grim battle. We don't talk a lot about it. We never discuss it with neighbours. We try and behave as if life is normal. We know that our neighbour is going through the same thing. We carry on. We turn out to our evening chapel meetings. I spend Saturday evenings pressing my husband's only suit so that he could look nice for his Sunday chapel. I have to look at every penny twice before I spend it. It's the uncertainty of it that's so worrying. You struggle for years, as we did, and as my neighbours did, to try and give the children a decent education. You sacrifice, scrape and pinch to send the boy to school and see that he is well clothed, so that he needn't feel ashamed in front of the more fortunate ones; and everything is going along fine, when all at once comes a world depression, just as he finished his studies and there is no opening for him for the job that he had set his heart on. And he and many like him, to-day is captive in enemy hands, whilst others fight in distant lands. When they return, will they have to go through what we had to?

Announcer.—That, ladies and gentlemen, is the question from which we start.

Worswick.—There has always been some unemployment, as far back as the records go. Good years followed by bad years and then recovery! Right through the nineteenth century, when Britain's population was rising fast and her wealth even faster, there was unemployment. But until recently it was on a smaller scale and it could be argued, and it was argued, that some unem-

ployment was bound to occur from time to time in an age of invention and rapid progress. Some unemployment was a necessary part of industrial society. That was the predominant view.

And the unemployed? The trade unions gave out-of-work pay to their members, or there was the Poor Law. Just before the last war growing social conscience led to the first National Unemployment Insurance Scheme. Then in 1914 came war. And war's insatiable demands abolished unemployment. Peace returned. By 1920 unemployment had reached higher levels than ever before. Between one and two million men were out of work, and stayed out of work. State assistance to the unemployed had to be increased. It was hoped that much might be due to the after-effects of the war. When things settle down to normal once more, people said, we can rebuild the world of 1913. But things refused to settle down. All kinds of ideas were suggested. All kinds of policies were pursued. Often the policies conflicted with one another.

There was no coherent national or international policy framed in the interests of nations or the world as a whole. After ten years of vain hoping for a return to normalcy there came in 1929 not prosperity but the crash. All countries were affected to a greater or less degree except one—the Soviet Union.

Maurice Dobb.—“Citizens of the U.S.S.R. have the right to work!” Russia, or the Soviet Union, is, I believe, unique in having that phrase written into its Constitution of 1936. It appears there as Article 18.

Russia has an economic system which differs from our own. Firstly, it is a planned economy in the sense that all the main decisions about how much shall be produced, how many new factories built, and so forth, are laid down in a giant programme, or plan, which covers the whole country. Secondly, nearly the whole of her industry and agriculture is owned and run, not by private owners and companies, but either by the State or by some kind of Co-operative Society.

One result of Russia's system was the disappearance of unemployment in peace-time. This followed the launching of her First Five Year Plan in 1928; an ambitious, one might say heroic, programme of economic reconstruction, which was followed by a Second Plan and by a Third, which was still incomplete when Hitler launched his attack in 1941.

What was the object of these Five Year Plans? Industry previously in Russia had been relatively backward in its development, especially heavy industry producing the metals and fuel and power and heavy chemicals on which the growth of a country on modern lines depends. The country and its people had consequently been very poor. The Plans sought to overcome this backwardness by a tremendous drive. Schemes were worked out by engineers to ring the country with giant electric power stations. New steelworks were erected near the Dnieper river, and at Kusbas

in Siberia. New industrial towns arose, like Magnitogorsk in the Southern Urals and Karaganda in the open Kazak Steppe. Mining for coal and nickel and apatite in the frozen wastes in the North; irrigation works and cotton mills in the desert oases of torrid Central Asia. New industries like motors, aeroplanes, aluminium, copper, synthetic rubber, plastics, were built up virtually from scratch. Railroads were modernised and extended, parts of them electrified, and a beginning made with the construction of a system of modern motor highways.

So ambitious a programme was not without its initial hardships and its blunders. But what is impressive when we look back on it is the extent of its success. Over the ten years of the first Two Plans the tonnage of coal that could be mined rose to four times the previous level, the amount of steel rose four times, the amount of electrical power seven times.

With this enormous development it is not surprising that the number of jobs available should have risen at a rapid rate. Labour was needed for all the building work and the new construction sites; and within three or four years the number of building workers was trebled. Labour of all kinds was needed to staff the new factories once they were built. Very quickly jobs became more numerous than men; and this remember was in time of peace. Altogether the number of people employed at a wage or a salary doubled over the period of the first Five Year Plan alone; and quite early in the 1930's Soviet spokesmen were referring to their country as "The Land without Unemployment."

Worswick.—There are great differences, of course, between the Russian problem and our own. They planned their whole economy from scratch, starting to plan immediately after their revolution. When the slump came it scarcely touched them. Their Five Year Plans were already in full swing. For the rest of the world the slump of 1930-1 brought things to a head. In Germany the problem was particularly pressing.

German speaker.—When the Nazis came to power in 1933 six million out of eighteen million workers—or one in three—were unemployed. The Nazis created employment by public works first, then by rearmament. They managed to stabilise prices partly by price control, but mainly by smashing the Trade Unions and then enforcing a wage stop.

The Nazis achieved full employment in a system of private enterprise. A million jobs were created through expenditure on public works through special subsidies to industrialists to build new factories, and through armaments. The increased prosperity of these million workers gave employment to millions more. At the beginning the Nazis interfered very little with private enterprise. They simply prevented industrialists from installing new plant in non-essential industries, and they encouraged the building up of industries to prepare for war or to produce substitutes for imports. Substitute industries are a necessary preparation for war. But they were needed for a second reason as well. The Germans

had no reserves of gold, or of foreign exchange. Germany could only buy imports by her own exports. And the world didn't want to buy enough German goods. All the countries had their own unemployment to cope with. What imports the Nazis managed to get they rationed on a system of priorities. They bargained separately with other countries to buy their goods freely, and at reasonable prices, providing these countries either took German goods in return, or else left the unused money to pile up as a credit in Germany.

In this way the Nazis solved their trade problems by drastic methods, they used these methods at the same time to extend political control over their trading partners. The Nazis got their full employment on the road to war.

Carson.—Just a second, may I come in to this? I'm the joiner from Govan who told my story earlier.

Worswick.—Of course you may.

Carson.—You say that Russia solved her unemployment by planning her whole economy, but after a revolution. You say the Germans cured theirs by preparing for war. I solved my own private problem by going to fight in Spain. We have all cured ours now by fighting. But we cannot live by war and fighting all the time. Must you have a war or a revolution before you can get rid of unemployment? Was nothing positive done anywhere?

Worswick.—Something was—take America. The most ambitious attempt in a peace-loving democracy was the New Deal.

American speaker.—The slump which hit the United States in the early 'thirties was the most violent and the deepest in the history of any industrial country. We reached our lowest ebb early in 1933, just before President Roosevelt was inaugurated for his first term of office. 1929 had been a boom year, the last of a period of seven years of almost unbroken prosperity. There was some unemployment, but it was relatively small. Industrial production had reached a peak.

By March, 1933, our industrial production had fallen disastrously, to about one-half of what it had been four years before. On a conservative estimate we had fourteen million unemployed. If industry was depressed the farmers were even worse off—and farmers with their families were one quarter of the American people. The new President brought with him the New Deal. By providing cheap credit, the Government aimed to stimulate private enterprise—to undertake new construction and so increase output and employment. More effectively the Government spent vigorously on relief and on public works projects. The most famous of these schemes of development was the T.V.A.—the Tennessee Valley Authority. Parallel with the programme for reviving industry went an Agricultural policy which aimed to restore the prosperity to the farmers. It gave them direct financial help out of Federal Funds.

It attempted to raise agricultural prices by restricting crops. Later it arranged to buy up surplus produce and to distribute some

of it to the poorer sections of the population. All this was partially—but only partially—successful. By 1937 industrial production had been restored to about the 1929 levels. But unemployment was still a serious problem, for the population had grown and the productivity of labour had gone on increasing. Then came the war in Europe, with war contracts for us from Britain and France—then Lease/Lend—then Pearl Harbour. To-day employment—and industrial output—are higher than ever before in the history of the United States.

Worswick.—That then is the story. Twice in a generation the world has had full employment for war.

Can we have full employment for peace? Common sense tells us it must be possible. Our needs are unlimited. We need houses, schools, food and clothing, entertainment and recreation, and we need leisure too to enjoy the things we produce. If we plan to fulfil our needs in peace why should we suffer unemployment in the future.

Carson.—Why should we? That's what I want to know. The economists are saying full employment is possible.

Worswick.—They are, yes.

Carson.—Can you tell us how? That it must be done we all agree.

Worswick.—Yes, we all agree it must be done, and how it can be done is what we are going to try and explain.

Announcer.—The editor throughout the series is G. D. N. Worswick, of the Research Staff of the Oxford University Institute of Statistics. He has collaborated in the preparation of the series with E. F. Schumacher. The statement on the general history of unemployment was given by Sir William Beveridge, Member of Parliament for Berwick-on-Tweed. The account of the Russian economy was given by Maurice Dobb, Lecturer in Economics at Cambridge University. The two personal stories were by Donald Carson, joiner of Govan, and Mary Ellen Lewis, quarryman's wife from Blaenau Festiniog.

No. 2
THE ECONOMIST EXPLAINS

Speakers

G. D. N. WORSWICK
 JACK CLIFFORD
 LAURENCE DAVIES
 ELSIE CHISNALL
 HENRY WEBB

Announcer.—Jobs for All! Will there be a job waiting for us, for you, for all of us, after the war—and in the period beyond?

Worswick.—There is now general agreement among economists that it will be possible to keep up total demand so as to ensure that there will always be more jobs than men and women to do them—in peace-time as in war.

In practice, of course, politics will come into it. By that I mean that what the economist would recommend if he was consulted would necessarily involve political action and political consequences. That action and those consequences would be a public responsibility, not his. But speaking as an economist, I can say there is nothing in the nature of industry, nor our resources, nor our needs to prevent there being jobs, for everyone who wants one.

Announcer.—Our editor, David Worswick, has undertaken to explain the economic principles of full employment! We've asked him to do this in front of a studio audience, and your business, in the studio, ladies and gentlemen, will be as you understand, to ask Mr. Worswick questions. We feel that you're asking him these questions on behalf of the audience outside. We want you to interrupt Mr. Worswick whenever he says anything which you don't understand. Please don't stand on ceremony. In other words, we look to you to see that Mr. Worswick keeps his feet on the ground.

Well now, I'll leave you to it, Mr. Worswick! And if I may say so, I think you've got a rather difficult job on hand.

Worswick.—No, I don't think so. I should like to say first of all that there is nothing difficult in principle about the economics of full employment. New ideas are apt to seem much more difficult than they are, simply because they're new. So may I suggest that the best way to set the ball rolling would be for somebody here to ask me some questions about it. I can do all the talking and give you a lecture if you'd prefer it. But I'd much rather not.

Webb.—Well, there's just one thing I'd like to ask, has the speaker been out of a job himself?

Worswick.—Myself? No! I must admit I haven't.

Webb.—I thought not.

Worswick.—I should like to suggest that that is hardly relevant.

Webb.—If you'll excuse me, I think it is very relevant. How much do you know about unemployment? I don't want to be personal, but I was unemployed on and off for about ten years. And I'm afraid I haven't forgotten it either.

Worswick.—No! I can understand that.

Webb.—It's unemployment you're talking about isn't it? You're not the first man I've heard say he can cure it, mostly in political meetings, but you're the first man I've heard say it was easy. Well! I'm afraid I don't believe you. If it's so easy why hasn't it been done long ago.

Elliott.—I should like to suggest sir, that the first step is to nationalise the banks.

Worswick.—Look, I'm sorry. I hope the last speaker won't think me unhelpful, but I'd really like to go straight back to what the first gentleman said. It's not quite what I expected, but all the same we couldn't have a better start. I think you embarrassed us all a little, sir. Unemployment is embarrassing. We needn't try and deny that. You know at first hand what it is to be out of a job. You were unemployed on and off for ten years. So in the slump were 3 million other people in this country, 6 million in pro-Nazi Germany, and 14 million in America.

Elliott.—Good gosh! 14 million.

Worswick.—Yes! 14 million that's quite a conservative estimate. That's a large uncomfortable, undeniable fact. But there's another to put alongside it. Is our first speaker out of a job at the present moment? Will you tell me that, sir?

Webb.—No, I'm not now. I've got a job now.

Worswick.—Is anyone in this room out of a job, now? Is anyone in this country?

Mrs. Davies.—Bar a few buskers. No!

Worswick.—No, there isn't anyone in America, nor, for that matter, in Germany. That's my second fact. Also large, but not so uncomfortable.

Laurence Davies.—Are we talking about war-time or peace-time?

Worswick.—Neither directly. We're talking about full employment.

Davies.—Yes, but look here. At the present we've got millions of people in uniform. Well all right, while they're away we're in jobs. When they come back, well either some of us will have to turn out of our jobs to make room for them, or else they'll be out of a job themselves.

Worswick.—Aren't you jumping to conclusions there. If at this actual moment one million or two million men and women were released from the services, d'you think Mr. Bevin wouldn't know what to do with them? He would be able to let the shoe industry have more labour to make shoes for our children, or provide more labour for house repairs.

Mrs. Chisnall.—What about some houses. . . .

Worswick.—For building new houses and for the thousand and one things we're all clamouring for. But there's a most important point to notice about all this. What we aimed at during the war was the defeat of Hitler.

We got full employment as a by-product. We got it because our Government discovered a purpose of over-riding importance and got the full support of all of us in pursuing its purpose with all the productive strength of the country. So if you use the slogan "Jobs for All," go on at once to say "Jobs for What? Jobs for What Purpose?" and answer that question before you go any further.

Clifford.—Why do we want jobs? We've got to work to eat. We all know the answer to that. That's why.

Webb.—That's it.

Davies.—No doubt of it. What we want is a steady job with some prospects of improvement.

Worswick.—But you should know very well by this time. This gentleman, Mr. Webb, knows it all right, that it's not enough merely to want a job.

Webb.—Well, we want to work don't we?

Worswick.—Exactly, let me take a simple point. It's no good saying, we want jobs for shoemakers! But, say, we want shoes for our children and determine to get them, and the jobs for the shoemakers will look after themselves.

Webb.—Excuse me, but all this seems just talk to me. Do you mean to say that when our kiddies want shoes after this war, that's something new? They've wanted shoes as long as I can remember. But wanting shoes hasn't made us able to buy 'em. Is that right, or not?

Davies.—That's right, Mr. Webb. You've put your finger on it. Where does the money come in? Mr. Worswick has been talking about the war. Well luckily or unluckily, if you like, it's not always war. In war we all know we'll get what we need because we're prepared to run into debt. In peace we have to work off our debts and pay for the splash! I'm dealing with debts all the time. That happens to be my job. I doubt whether you can teach me anything about debt. I know debts for the bad things they are.

Worswick.—Do you work in a bank?

Davies.—I do.

Clifford.—I thought you did.

Worswick.—And you say you're dealing with debt all the time and debt's a bad thing.

Davies.—That's right.

Worswick.—Yes, a bad thing! A bad thing for whom?

Davies.—For the debtor of course.

Worswick.—Quite so. But where there's a debtor there's a creditor too. Is it a bad thing to be a creditor?

Clifford.—You ask my landlord!

Davies.—It depends a little on who you've lent it to.

Worswick.—It does, yes. But granted reasonable security I don't think any of us would mind being creditors, would we? having a little nest-egg somewhere, bringing in a bit of money.

Mr. Davies, if I owe money to you, it may be bad for me, but it's alright for you, isn't it? It can't be bad for both of us.

Davies.—Yes, but I don't see what you are driving at? I thought we were talking about the war, and the burden of debt it leaves us. That's the point isn't it, the National Debt, not what you owe me, or what I owe somebody else.

Worswick.—I don't want to be too personal, but may I ask you, Mr. Davies, are *you* a creditor?

Davies.—Not that I know of.

Worswick.—You haven't got any savings—pre-war or war-savings?

Davies.—I've a few pounds in savings certificates, if that's what you mean.

Worswick.—That's exactly what I mean. In other words you're a creditor of the nation. And I shouldn't think you're particularly unhappy about it?

Davies.—Certainly not! It's something to fall back on, and something for the wife.

Worswick.—But you still don't approve of the National Debt?

Davies.—Not too big a one, no!

Worswick.—What's too big a one? The debt's bad for the nation, you say, but it's good for you. But aren't you a part of the nation?

Davies.—I should hope so.

Worswick.—Exactly, and so are all the other people who have savings certificates, war bonds and so forth. It's good for them to have them and they're all part of the nation. There you have it. The debt's bad for the nation but it's good for the millions of people who are part of the nation. So the nation owes money to itself. What's bad in that?

Look, if your right pocket owes a million pounds to your left pocket what's wrong with that? Try it out. Does it hurt?

Clifford.—Yes, it does when you're always the right pocket and never the left.

Worswick.—The fact remains that if you take all of us together, the whole nation, and add up all the money we've lent to the nation—add up all our savings certificates, savings bonds and so on, then you get the National Debt. Treat this country as a unit and your National Debt is nothing more than a matter of internal book-keeping.

Davies.—Aren't you forgetting that a part of the National Debt is owed to people overseas? They're not part of the nation. Look at the foreign debts we've piled up during the war. Are you going to tell us they don't matter either?

Worswick.—No. Foreign debts are a different matter and much more serious. But I'd like to leave the question of our

foreign debts over for this evening. We shall be spending an evening on that later.

All right then, where have we got to? Here are the facts. We got full employment—in fact over-full employment—during the war because we had a common purpose. We wanted armaments so we spent on huge contracts for armaments and the jobs for armaments workers looked after themselves. This got us, as Mr. Davies said, into a lot of internal debt.

I said this needn't worry us unduly because internal debt was a matter of bookkeeping, something we owed to ourselves. So far then, so good. Our war experience proves that full employment at home is possible. Full employment is something we come by if we really know what to do with all the things labour can produce. Is that clear so far?

Davies.—Right. I'll accept that for the moment. But tell me, are you suggesting that we can go on like this, as we're going on in the war, I mean, indefinitely—forever?

Worswick.—Look here! I believe we planned this war originally for three years. It's been going on now for over five. Supposing it were to go on for another five.

Howard.—Not another five!

Worswick.—I'm only giving an example, but suppose it did. Should we suddenly sit back and say we couldn't afford it any longer?

Or put it from the employment angle, as long as we needed what our munition workers were making we should find a means of paying them.

Davies.—In war-time, yes.

Worswick.—But not in peace?

Davies.—For some reason or other I can't get the gentleman on the platform to admit that it's all very different in peace-time. I've mentioned the debt we're running into. He brushes it aside. Let me mention something else. At the moment we're making munitions. Well, munitions go off, our guns, planes, all these things, well, they get smashed up. That's war-time. Is peace like it? Well no, not at all. In peace-time we shall be making things to last. Of course there'll be full employment while this frightful wastage goes on. There'll be full employment for a while afterwards too, on account of all the things that we shall have to replace—household goods, all the things we're short of now, alarm clocks, clothes, prams.

Woman's Voice.—Silk stockings?

Davies.—I daresay, everything we're short of now. For a while—till we're not short of them again. The same goes for the factory equipment. If you were in a bank as I am—you'd hear business men telling the manager what equipment they'll need when they can get it. But one day they'll get it too. There's a lot that wants doing, I agree. But the day will come, sooner or later, and for myself I don't think it'll be so long, when all that wants doing will have been done.

Webb.—Talk for yourself, Mr. Bank Clerk.

Davies.—I think I'm talking for most reasonable people.

Webb.—Not for me! If you're telling me that the worker's going to be out of a job, I'll agree with you. He always has been. He always will be. But if you're telling me the reason for that is that the day's coming when we've got all the goods we need, well I'm not going to agree to that. God help us! I'm no economist but I reckon there'll always be plenty that folks want. And we do want a little leisure too—we can't keep up the war-time speed. It's the money that's lacking, Mr. Bank Clerk, not the peoples needs. Strikes me half the world still doesn't know how the other half lives. The rich have the money and no use for it. And the poor have the needs but no money to buy the things they want. It's distribution, that's what. The distribution's all wrong.

Davies.—Yes, but wait a minute, Mr. Webb. You talk as though the money the rich have was idle, just doing nothing. But that's not right. Mr. Worswick pointed out that where there's a debt then there must be a credit; it's the same the other way round. The banks can't live on air, so if someone makes a deposit with us we re-lend most of it, either loans to the Government, or to industry—what we call advances—and then the Government, or the industrialists, well they use it to buy tanks, to build factories, pile up a store of materials and things like that. It's not as though the rich were sitting on the money. It's always being used over and over again.

Worswick.—Excuse me butting in, gentlemen, but this is supposed to be my show. Let's try and straighten things out a bit. What Mr. Davies has just said is very important. Can I put it something like this. Some of us, like Mr. Webb, spend all we earn; we have to. Others don't spend all they earn on themselves, they save some and put the money in a bank. But, as Mr. Davies points out, it doesn't stay there, stuck down; it gets re-lent to someone, to an industrialist, or to the Government, who wants to use it. Is that right, Mr. Davies?

Davies.—Yes, that's right enough. But I would like you to answer a question which has puzzled me a lot. If what we say is right—and you agree with me that it is—how is it, savings and the deposits are highest in a boom, when people are spending most on themselves, and lowest in the slump where no one seems to have any money to spend? That doesn't seem to make sense. If I save part of my income I put it in the bank. Good, and the bank re-lends it so that it gets re-spent on building a new factory or something. So it doesn't seem to matter whether I save or spend—the income and also the number of people in jobs ought to remain the same—but somehow they don't!

Webb.—Ah, I knew there was a catch in it somewhere.

Worswick.—No, you're wrong there. Mr. Davies is right, but only up to a point. When incomes are high people save a lot. When incomes are low, people save hardly anything. High incomes and high savings, and low incomes and low savings go

together. That's obvious enough. But you've also got to admit this. No one can make an income unless someone else spends his money.

To have high incomes there must be high spending. It's *spending* that makes income. Hang on to that. If no one spends no one can earn. Now saving means not spending. On the face of it, therefore, high incomes and high saving don't go well together unless your business man or the Government comes along, takes the savings and spends them.

Davies.—Yes. But someone always does come along.

Worswick.—I said you were right up to a point. Let me continue. To begin with, suppose you have a situation in which there is unemployment and the Government *increase* their borrowing, and spend on *extra* armaments or schools, or private industry spends extra borrowed money on building new factories, then incomes will rise and savings will rise too.

Davies.—So I see it's not the savings which make a boom, but the borrowed money which the business men or the Government spend that makes it.

Worswick.—That's it. The increased spending on investment in new factories, or of the Government on armaments, schools, roads, or anything else, makes the boom. And not only that, the boom means higher incomes all round, and higher incomes means higher savings, which match the increased borrowing.

Davies.—And if no one comes along and takes the savings and spends them, then there's a slump.

Worswick.—There's a slump, yes, and the savings themselves disappear.

Voice.—Where to?

Worswick.—Look: If I stop smoking and save the money, someone in the tobacco trade loses his job and his income. He can't save any more. So although my savings rise, his savings fall. He can't spend any more, so the people who used to provide him with goods are out of a job and out of an income. They can't save any more. You follow it through and you can take my word for it: for every penny I save, somebody else stops saving. *That's* why you can't see anything accumulating in your bank, Mr. Davies. *If no one gets into debt, no one can save*. Now there will be jobs when people spend money. So to have enough jobs you must have enough spending. That's the first principle. Is that quite clear? The second one is this: if we, as individuals, want to save, you must find someone who is willing to get into debt—to indulge in *extra* spending, to make up for the non-spending of the savers. Now if the business man has nothing up his sleeve, he's got no projects to spend money on, feels uncertain whether he should risk it and expand his factories any further, then you have to find someone else to get into debt with the savers—the Government, for instance. The Government then uses the labour power which the savers refuse to use. If the Government does it, it is running into debt.

Webb.—Well—I've listened to all you said. You're a clever chap, but all this cleverness isn't getting us anywhere. I still say: give more to the chaps that need it. There'll be nothing left over then. Give them a bit more money to spend. . . .

Mrs. Chisnall.—That's right.

Webb.—. . . and the shops will soon be empty. Distribute incomes so that the rich have a bit less and the poor have a bit more. We don't want to save a lot. If I could put by a few shillings a week, I would buy myself a house, or a holiday, or a good education for the kiddies. I wouldn't sit on the money for long. You can depend on that. Don't tell me that there's no one that wants to buy. There's plenty of people.

Worswick.—What you say is perfectly right, Mr. Webb. It is the distribution of income which is the root of the problem of unemployment. The position is this. If incomes remain distributed much as they were before the war, then the amount which the people as a whole would want to save would be rather high. That is to say, if everyone was in a job, we as consumers would not be spending the whole of our income on ourselves—we should not be claiming for ourselves all the resources of labour—but only a part. Is that quite clear?

Thus one way to full employment is for the Government always to claim any resources which no one else is using, or would not use. This way means a rising National Debt.

I argued that a rising Debt was not a particularly serious problem. However, if you don't like it there is another way to full employment. Mr. Webb put his finger on it. Alter the distribution of incomes—he said.

Webb.—So I was talking sense after all.

Worswick.—Shift the income from those who save a lot to Mr. Webb who saves very little, because his income is so low, and his spending on consumption will rise—giving employment to other workers. In this way, you will need to have less *extra* expenditure of either the Government or private industry.

Now total expenditure is made up of what we as consumers spend on consumption *plus* public expenditure, what the Government spends on defence, education, health services, *plus* private investment expenditure, what the industrialist's spend on new factories and machines. Now our Government borrowing, or the use of taxation to alter the distribution of incomes, are the *means* by which the Government can ensure that there is enough total expenditure. Now which means should they use?

Go back to what I said at the beginning. When you use the slogan "Jobs for All" go on and say, "Jobs for What Purpose." Decide first on how much personal consumption we want (and who is to have it) how much public outlay on health, defence and so on, how much new construction of factories. Then use your financial means to make sure that what you want is in fact produced.

No. 3

OBJECTIONS RAISED

G. D. N. WORSWICK

*Undertakes to defend his views
against some of his critics**Speakers*

G. D. N. WORSWICK

LAURENCE DAVIES

Announcer.—Jobs for All! In his second talk in this series, G. D. N. Worswick attempted a general account of the economic principles which, he said, a majority of economists now believed were an essential to full employment. The present talk, at his request, is given in case some relevant criticism of what he said should come in. Several letters have in fact been addressed to him, and there are three in particular which he wishes to use as the basis of his remarks to-night. One of Mr. Worswick's critics—Mr. Laurence Davies—has asked to come back because, in spite of the arguments, he remained unconvinced, so he is here in person. Now Mr. Worswick—

Worswick.—I should like if I may, to take first the letter signed an "Industrial Manager."

"Dear Sir,

I listened to your broadcast 'Jobs for All' last night with some serious misgivings. There is a danger of over-simplification here; there is a danger of people being led to believe that this is an easy problem for some economic magician—a wave of the wand—he presto—more outlay, more spending—there you are!

It could be so—for a brief, mad spell—and then the reckoning! I think you must explain—and at once—that more outlay, more spending is simply a great opportunity and that unless we make that outlay really productive—we shall not get very far.

What I want—as an ordinary industrialist—is to hear someone drive home the fact that we shall have a far brighter possibility of reaching this promised land of full employment if we are all willing to work for it—if we are willing, by every possible means of investment, co-operation and management, to make ourselves more productive in industry, so that the goods we produce are produced at lower cost and so are within the buying power of more and more of our people—so that more and more of this great mass of unsatisfied wants can be met.

Then we shall be nearer to full employment—and *then* outlay will be really useful! Finance is, or should be, only a tool of industry; it's up to us—all of us—to find out how to

use it as the tool that it is, and how to develop that productivity which alone can make for a better standard of living amongst us all.

Don't let us make it sound too easy by talking otherwise, or by omitting this point, for without industrial efficiency and productivity it just won't work.

We have got to find some common purpose in industry in the future, just as we have had the common purpose in wartime; a common purpose which can encourage and develop this productivity on which everything depends; and then we shall really be nearer that promised land where jobs for all can be talked of with some certainty." (Industrial Manager).

That's not quite the whole of the letter, but I think it does justice to the writer's main point. I cannot have made my argument clear enough on Wednesday, and I'm obliged to the writer for giving me good ground on which to correct any false impression. I agree with the writer. No financial policy by itself can support full employment.

There are two sides to this business. The one, which the writer is talking about is production—getting the goods *into* the shops if you like. But it's no good putting more and more goods into the shops if no one can buy them. That's where the other side comes in—the spending side. What I proposed was that the Government should make sure that there's always enough spending to take the goods out of the shops just as fast as they can be put in.

Davies.—Nevertheless production is the most important.

Worswick.—Let's not quarrel about importance, Mr. Davies. If your water-tap has got stuck, it's no use trying to pump more water into the pipe from the other end. First you must get the tap unstuck and keep it unstuck. If the goods don't leave the shops, it's no use putting in more. That's what *we* are talking about—that the tap shall not get stuck again; then our efficient Industrial Manager will get a chance to go all out for production.

Davies.—So you don't deny that efficiency is important.

Worswick.—Of course, I don't. Only efficiency alone doesn't make for full employment. The most efficient country—America—had the worst unemployment. I think that settles it.

The essence of my argument was *not* that spending produces goods out of a hat, but that spending permits the worker, who wants to work, to produce the goods on which the money is spent. Full employment means *work* for all. I agree wholeheartedly that it is very important that we should improve the efficiency of British industry, as well as our distributive services, transport, retail trade and so on. But it's not the same problem. Efficiency means saving labour, unemployment means wasting it. Our first job surely is to abolish this avoidable waste in labour. In 1938, for example, which wasn't a bad year at all, unemployment cost the community five hundred million pounds—that is to say if we'd had full employment we could have had five hundred million pounds worth more

stuff to eat, drink, wear and use, ten per cent. more than we actually had. And the wasting in the early 'thirties was nearly double this.

Employment and efficiency are connected. If there is unemployment, or the fear of unemployment, you can't expect the worker to be very interested in increasing efficiency. He sees only that a modern machine puts him on the scrap heap. Once you make sure that there is always enough expenditure to provide rather more jobs than there are workers, then it's going to be in everyone's interest, employer, worker and consumer, to increase efficiency and save labour. And only by doing that shall we then be able to reach a higher standard of life.

So much for the first letter.

The next one comes from a bank manager, and this Mr. Davies, is where you will really come into your own, because I think the writer takes very much your point of view.

"Dear Sir,

I write to you to say how very disappointed I was in your talk on Full Employment. You announced your ideas as new, but they struck me as being as old as the hills. They seemed based entirely on the fallacy that abundant employment and general well-being can result from heavy Government expenditure. The Government has no inexhaustible reservoir of money. Increased Government expenditure must be offset by the decreased personal expenditure of the taxpayer. The net result is that the volume of expenditure remains unchanged.

Orthodox Government finance, then, I suggest, cannot increase the volume of money being spent in the country. You advocate the unorthodox—that is, inflation. You assume that the Government can spend lavishly and indefinitely with no ill effects. In support of your view you pointed out that, although this war was originally planned for three years, we have now been spending for five, and you suggest that we can go on quite happily spending for another five years. During a war a certain amount of inflation may be unavoidable.

But you say 'let inflation continue. Let it be part of our national policy. There will then be plenty of money for everybody. Trade will continue to boom'."

I fancy you agree with *all* this, Mr. Davies?

Davies.—I do, yes.

Worswick.—Good. And I'd like to talk it out with you in a minute. If we may just finish the letter.—

"It has so far been my experience that no one in the end gets something for nothing. You draw a picture of a country flowing with plenty after the war, owing to an enlightened Government financial policy. The implications seem to me most dangerous.

It might be simpler, possibly, for the State to pay each adult an allowance of £250 a year. We could then all run cars,

have wireless sets and expensive clothing. Sir, I am afraid you are a pedlar of dreams."

Davies.—Well! I never! Even I didn't go as far as to call you that, Mr. Worswick.

Worswick.—No! But you see why the writer does?

"When I was in the Intelligence Department of the Bank, we tried to help our customers by giving them reports of trading conditions in foreign countries. The first question we asked was always, does the country balance its budget? When countries began to put their finances in order we felt that redemption was in sight."

Worswick.—You know if we're to do anything like justice to the issues raised, I'm afraid we must stop short. Now, as far as we've gone, the letter helps you, doesn't it, Mr. Davies?

Davies.—It does, yes, as far as I could follow it. Some of it was above my head.

Worswick.—Perhaps that's all to the good. I should like to try and answer the writer and if I may do so by trying to explain it to you, we may get the matter straight all round.

Let's begin once more, with the relation between public finance and employment. I started by saying last time, that to get full employment the community must spend enough each week, and each year, to take all the goods and services which we can produce, when everyone is working, off the market. That's the principle. Now to illustrate it! Picture a slump with, say, two million workers out of work. What can the Government do about it? I suggest it can do two things. It can borrow money and spend it. . . .

Davies.—Does it matter on what it spends it?

Worswick.—Not in the least! . . . on buildings, schools, anything you like. Whatever it spends it on it will be increasing the total amount spent. Alternatively, it can do what it has done during the war, give subsidies to necessities like milk and bring the price down so that, if it weren't rationed, people would be likely to buy more of it than they otherwise would. Or again, the Government can reduce taxation so that people have more money to spend.

Davies.—Hang on a minute please. Where does the money come from? It must come from the people, mustn't it?

Worswick.—The work comes from the people.

Davies.—And the money?

Worswick.—From the banks, in the first place. We can't go into details, but it works something like this. The Treasury writes an I.O.U. for a million pounds—that I.O.U. may be a Bond or it may be a Treasury Bill. The Treasury takes its I.O.U. to the bank, and the bank opens an account of one million pounds for the Government. Away the Government goes and spends the money. The one million pounds is extra spending. You haven't given it to the Government nor have I, so neither you nor I will spend any less. Suppose the Government does it every week, spends its million

pounds on building schools and hospitals—or whatever you like. This extra spending for as long as it lasts, will mean steady employment for 200,000 extra workers, who up till now have been unemployed.

Davies.—Yes, but . . .

Worswick.—Wait a minute! I haven't finished my story. Those 200,000 workers are now in steady jobs, with regular wages. Right?

Davies.—Right!

Worswick.—That means they can spend more, buy shoes for their children, buy a book, buy a seat at the cinema—all sorts of things they couldn't afford when they were unemployed. This further spending calls for more production of shoes, books, films, and so on. This in turn will mean still more employment for workers in the boot and shoe trade—and consumers' trades generally. It will also mean better profits for the producers of all these goods. Everybody gains.

Davies.—Wait a minute! Wait a minute! It's beginning to sound like an endless belt, or the moving stairway.

Worswick.—The belt's not endless because at each round not all the incomes are spent; part is saved. In Britain before the war, for every 200,000 workers drawn into primary employment, you could reckon another 200,000 would be drawn into secondary employment in the consumers' goods trades. That, Mr. Davies, explains the famous paradox of digging holes and filling them up.

Davies.—Yes! I wanted to ask you—is that really true? Are we actually better off digging holes and filling them up again?

Worswick.—Better off than if those men were idle? Certainly! It's, of course, more sensible to pay them to produce something useful. But it is better than not to employ them at all.

Davies.—But quite unproductive.

Worswick.—Not for the whole community because the people who are given the useless jobs will spend what they earn, and so give useful jobs to others—enable them to produce what is really wanted.

The beauty of it is that, as we said last Wednesday, higher spending means higher incomes all round and that higher incomes mean higher savings. If people earn more, they tend to save more too. Now beyond a certain amount, people never like to hold their savings in cash.

Davies.—No, I understand that! They'll prefer to get interest on them.

Worswick.—Exactly! Through investment! And they'll probably invest, among other things, in Government securities, which are on sale, as you know, at the banks. Right—that completes the circle. That ends the story:

First Act : The Government borrows from the banks.

Second Act : It spends more and so raises incomes all round.

Third Act : People everywhere, out of higher incomes, save more.

Final Act : The new savings are lent back to the Government by the public.

Davies.—But it *is* inflation.

Worswick.—Look here, we shan't get anywhere by calling things names. We were picturing a slump when there was general unemployment. So long as there *is* unemployment extra spending will simply mean extra production—people producing who were idle before. The extra spending must be of the right kind, of course. It's no use spending on building if it's coal miners who are out of work. It's got to be planned spending.

Davies.—Seems dangerous to me. I mean there's an awful risk of overdoing it.

Worswick.—You're rather like the cyclist who insists on riding on flat tyres : he's afraid if he pumps them up he'll burst them. You must know when to stop increasing the pressure. Once we get our full employment—once we are producing up to capacity—then extra spending won't help us at all. More spending without more production drives up prices.

Davies.—And that *would* be inflation.

Worswick.—Yes! That would indeed. Now you *may* get a situation in which we cannot help overdoing it.

Davies.—Oh, how?

Worswick.—We're in it now. We are trying to beat Hitler. So we cut down on producing what we like, to produce what Hitler doesn't like. Planes and guns for him, instead of food, clothes, pots and pans, for ourselves. That's clear too, isn't it?

Davies.—Absolutely.

Worswick.—Well now, all this tremendous war work gets paid for, brings higher money incomes all round. And there are fewer goods offered : so you've got more money seeking to be spent than goods available in the shops. It can't be helped. If we tried to spend it all, we wouldn't get more goods—only higher prices. And just to push prices up wouldn't do anyone any good, would it?

Davies.—No. Hence savings campaigns?

Worswick.—Yes! And taxation! The Government stops us from over-spending by taking more of our money away in taxes, by rationing food, clothing, soap and so on and by encouraging us to save as much as possible. As you say, that's the purpose of the War Savings Campaigns. As the Chancellor of the Exchequer said, so long as there is a scarcity of things to buy after the war, we shall have to go on saving. Even after the war it wouldn't do us any good if we tried to spend all in a hurry. The goods wouldn't be there to buy, because they couldn't be produced all at once.

Davies.—All right! You've won. But that still leaves us with the debt.

Worswick.—That still leaves us with the debt as you say but the writer of this letter argues as I do, that the debt is not of fundamental importance.

Davies.—Does he? I didn't hear him say that.

Worswick.—No, I'm afraid we stopped short of it.

Davies.—Well! That's a very poor answer to me!

Worswick.—Sorry. It's simply a question of time, Mr. Davies. However, let me just say this. If you still don't like it—I did say there was a second method by which in a slump the Government can increase total spending. It can redistribute the community's income.

Davies.—And what does that mean? Making the rich poorer, and the poor richer?

Worswick.—That's more or less the idea but not exactly—as you'll see in a minute—with the purpose of getting more money spent. There are many ways of doing it—one is by altering taxation. The Government can lift taxes off things like sugar, tea, beer and tobacco and entertainments, and thus enable the poorer people to buy more. And it can increase income tax on large incomes and thus prevent the richer people from saving too much.

Davies.—That's all very well. That simply shifts the spending from the rich to the poor.

Worswick.—No, while the poorer will spend the whole of the increase, the richer people are unlikely to cut down from their current expenses to the full extent. They will take part of it out of their savings. So that the total spending will increase.

If you want Jobs for All and a balanced Budget—full employment and "sound finance," you must advocate the maintenance in peace of rather stiff income and surtax on those incomes which, owing to their size, lead to excessive savings. And you might advocate, at the same time a lowering of indirect taxes which fall most heavily on small people and on consumption.

Davies.—Difficult to put through—isn't it?

Worswick.—Perhaps. But that's a different matter. The other way, as I said, is to let the Government do more of the spending—and that will mean a rising National Debt. The writer, if you remember, accuses me of promising something for nothing. That's why he calls me a pedlar of dreams.

And now I should like to read the third letter I brought with me. It comes from a manufacturer. He also is unhappy about our policy of spending and then goes on to ask a number of questions which I've seen ventilated a good deal lately in the press. Here is part of the letter—

"I am a manufacturer. I inherited the business which my family have been running on the same principles since the century before last. We have made a profit out of it on which we have lived, developed our business and employed consistently more men. I have been trying, since your broadcast, to envisage the mills and the manufacturers of the future and pondering on the motives that lead people to work and plan, to adventure and to save. If, under the new economy there is to be continuous and unbroken demand for labour, a sellers' market for labour—the job seeking the man, instead of the man

the job—then money wages will tend to rise. Now, unless it is worth somebody's while to get more production per hour, prices will certainly tend to rise too. A vicious spiral we all know won't do us any good. Who then, may I ask, is going to increase production and for what inducement? Those of us who have been in business a long time will tell you that it is not going to be too easy—it never has been. We shall be starting our recovery after the war with serious depreciations of capital equipment which we must make good. This will certainly be expensive, but must be done if we are going to compete with enterprise abroad. Who, may I ask again, is going to undertake it and for what inducement? Warn us if you like—that high profits are wicked and will be taxed out of existence, yet we know by all experience that losses may come and may be overwhelming. Are we going to risk capital that could be used for our own pleasures and amenities—because we are so good that we will risk our own future and that of our wives and children to benefit humanity? I fear not, Mr. Worswick. Unless there is effective competition with big prizes and the danger of big losses, I am afraid of a serious loss of efficiency.

Yours faithfully,"

Do you agree with that, Mr. Davies?

Davies.—He's got something there.

Worswick.—Yes, but it's rather beside our main point. What should be the inducement in industry? That's an open question. I've not said anything about it, what I have said is—that full employment will mean boom production. Boom production will mean boom incomes. Wages for all and high profits. But boom incomes mean high savings, and saving means not spending—not claiming the resources of labour. Business men will need some of these savings, for their investment in new factories, etc.—but not all. Redistribution of income means taking some of these savings, by taxation for example, and seeing that they are used. Deficit finance means borrowing them and seeing that they are used. That means a rising National Debt. This is the choice before you—you must make up your mind about it.

I've also said nothing about competition

Davies.—And you can buy from competitive industry as well as from any other?

Worswick.—You can, and that's all we need say. To come back to our main problem, full employment, when all is said and done, is the merest common sense. Nearly all that my critics say has also a sound kernel of commonsense, but *only* when there is *already* full employment. Once you *have* full employment, then to put the emphasis on increased spending would indeed be reckless. It *would* mean inflation. Once you have full employment, then to dismiss increased efficiency as irrelevant would indeed be unforgivable. It would mean stagnation. Once you have full employment, then the whole question of competition and all that

becomes intensely important. *Every* economic—and political—controversy appears in a new light.

May I end this talk by saying once more that we are not coming together in these broadcasts to discuss political issues. That all economics have political implications is obvious—and cannot be helped. I anticipate this sort of thing, for example, which would miss the point.

"Dear Sir,—Your frantic attempt to salvage capitalism is pathetic. A 100 years of failure do not seem to have taught you and your intellectual friends the lesson that such an attempt is doomed to frustration. Yours faithfully."

"Dear Sir,—Your economics are biased. Your new doctrines are the thin edge of socialism. You should, I think be honest and admit it, and allow speakers of the opposite convictions to argue with you.—Yours faithfully."

No. 4
MANAGEMENT AND MEN (I)

Speakers

SIR CHARLES BARTLETT
 GODFREY BOSTOCK
 RONALD WALKER
 WILLIAM ELMER
 G. H. JONES
 ALBERT GOODWIN
 ARTHUR DAY
 G. D. N. WORSWICK

Announcer.—Jobs for All! No. 4. Management and Men. We are leaving the field of general economics for the sake of a discussion of practical problems by practical men. Any policy of full employment will present those working in industry with a number of difficult problems. Some of these problems our speakers are going to discuss. The employers are Sir Charles Bartlett, Managing Director of a leading firm of motor car manufacturers, Godfrey Bostock, Director of a leading boot and shoe manufacturing firm, and Ronald F. Walker, Director of a group of woollen blanket mills. The Union officials are Bailie William Elmer, Secretary of the Scottish T.U.C., Albert Goodwin, President of the National Society of Pottery Workers, Arthur Day, London Docker, and G. H. Jones, Secretary of the Midland Miners' Federation. In the Chair is David Worswick. What these gentlemen may have to say while this committee is in session, is likely, no doubt, to be quite widely representative. But none of them will be raising any claim to be expressing more than their personal opinions. They have asked me to make this very clear.

Worswick.—Gentlemen! So far in these broadcasts we have talked about full employment in rather general terms. Your business is to be practical and particular. The agenda in front of you contains the following points:—

1. Mobility of Labour and the Location of Industry.
2. Government control over the movement of labour.
3. The guaranteed week.
4. Hours of work—the forty-hour week.
5. Women in industry.

Bostock.—And anything else while we're at it?

Worswick.—This is a very full agenda so I won't waste the time of the meeting. Let me put the first point straight away. I take it that "Jobs for All" does not mean that we are all to have the same job all our lives, or produce precisely the same things all the time. On the contrary we want to take advantage of new industries, and new products. This will require the movement of workers from declining industries to expanding industries. It has

been argued that workers in this country are not mobile enough to enable these transfers to take place quickly enough to avoid local pools of unemployment. Yes, Mr. Elger?

Elger.—Well, Mr. Chairman, mobility is no new experience for workers. It was their common experience right through the nineteenth century. The worker is not afraid of mobility, providing that by moving he is not asked to sacrifice his security. A worker will naturally be reluctant to shift from one industry to another or from one locality to another if as a result of his change he endangers his prospects of secure tenure.

Walker.—I think we're going to find workers generally reluctant to move from one place to another. We built a mill in 1932—and we shifted a lot of people from Yorkshire down into Oxfordshire and most of them moved to better conditions and yet more than half of them have gone back. I suppose it's the love of home, which is eminently desirable. But there is a definite reluctance.

And again when I was a Parliamentary candidate I remember going round when we were advocating the 1929 policy of moving everybody more or less, and I remember the number of women who said, "Will he have to go away?" and I said "I'm afraid so." They leant back and said no more, but I knew I was done!

Goodwin.—Did you expect anything else?

Sir Charles Bartlett.—Mr. Chairman, I don't think we can safely generalise about this. If in the background there is an overall policy of maintaining total employment there will be less need for extensive mobility than there was between the two wars. There's a percentage of young people who will always want to move, and I think that percentage of "fluid people" will be enough to take care of our required mobility, provided, as Mr. Elger says, there is a sufficient measure of security in industry as a whole to take care of those who want to stay at home.

Goodwin.—I have talked in munition factories to girls who have come from every part of Great Britain, and their one cry is to get back home. If you're going on after the war asking people to move to other parts of the country I'm afraid you will be up against a situation where the people just won't go.

Jones.—Tell us why won't they go.

Goodwin.—Well never mind. What we are going to do with them if they won't move? In my view we are tackling this question from the wrong end. Why don't we make the employers take the jobs to the workers?

Worswick.—Could we leave that point over for a minute, Mr. Goodwin? I think Mr. Day has something to say.

Day.—Yes, Mr. Chairman, I'm going to speak purely from a docker's angle, and you know during the first three years of war everything was dead in shipping. At the beginning we had no dock co-operation, that is to say, no system of lending out labour. Well, we found that the dockers were walking about. I had a permanent job as a crane-driver. As a matter of fact I wasn't

allowed to leave, or to go into the Army. But the fact is this, that the docker in London has always been used to, what shall I say?—specialised work : that is to say he's got special equipment.

Elger.—Is this Government controlled?

Day.—No.

Bostock.—Is it efficient?

Day.—I think so. As time went on, though, the London docker moved. He had to. He went everywhere. I daresay the London docker went into every port in this country, and I only know two instances where they refused to go back and they were Liverpool and Glasgow—mainly for the same reason.

Worswick.—I must ask you Mr. Day where this is all leading—can you come to the point?

Day.—Well, the point is, you got the London docker sent to Glasgow. He got there and found he was put in a place—I won't say which wasn't fit for a pig to live in, because that's ridiculous at the present time—but where they were herded together. Then you get, unfortunately, the clash between the two. You get the Glasgow docker who said quite naturally, "As far as I'm concerned that's my job and I'm entitled to the best work"—so the London docker naturally had what's left. The experience of the London docker is this: that where he can, say, take a four thousand ton ship at Tower Bridge—at my place—and turn it out in two days, he would go to Glasgow and it would take two weeks.

Elger.—D'you remember the man who went to the booking office of King's Cross Station and said, "I want to go to Glasgow," and the booking clerk said, "You're a liar—you've got to go."

Worswick.—Now, Mr. Goodwin, may we come back to your point about taking the jobs to the workers?

Goodwin.—There are really two points, Mr. Chairman. Before the war employers were free to set up their factories where they liked. For various reasons they didn't like the so-called special areas.

Walker.—Good reasons most of them.

Elger.—Good prejudices.

Goodwin.—Derelict areas was the proper name for some of them—they preferred to start in London or the Midlands. As a result, thousands of workers had to pack up and follow them. I'm not saying it's always a bad thing for men and women to move. Some people like it. But you can have too much of it. My second point is this. The nation has invested a lot of capital in roads, houses, public utilities, and so on in the older industrial districts. Some of it needs renewing—true enough.

Jones.—Scraping, you mean.

Goodwin.—But it seems stupid to go on building houses, roads and the rest of it, all over the place. There's another thing: it's the younger workers who are more mobile. You don't want to have towns where everybody's over 50. The Government ought to plan the location of industry to take all those factors into account.

Bostock.—I was going to raise this question of location of industry before Goodwin mentioned it. I agree with him. I feel one of the things the war has taught us is that it's often better and cheaper to take the job to the worker rather than the worker to the job.

One of the main advantages of private enterprise is that when it is properly managed, by people with the quality which perhaps I may refer to as enlightened self-interest.

Elger.—That's a new name for it.

Bostock.—It does get things done a lot quicker than a nationally controlled organisation.

Jones.—Sez you.

Bostock.—As I see it, after the war one of the great shortages is going to be labour, and as we shall want to produce goods quickly we must place our industries where the labour is available, and I think the Government should, and can, help to achieve this by giving new industries special advantages, like credit facilities, if they place their factories in districts where the labour is available.

Elger.—Getting modest now.

Walker.—I'm always wary about special facilities.

Jones.—But Mr. Bostock how would you do that. You can't place a coal mine where you want it, it is not like a factory.

Bostock.—Darn it. I wasn't referring to coal mines.

Jones.—There are groups of collieries which will, within the next ten years, go out of production altogether. But it may be that within 15 to 30 miles or so of them, there are very good coal seams which are capable of exploitation. We shall, therefore, have to make provision for the movement of thousands of miners from one area to another.

Now we know how many men can be, and probably will be employed at each colliery in the post war years.

Walker.—You dont—

Jones.—We know how many tons of coal each colliery can produce in the next 5, 10 or 50 years.

Bostock.—The management is going to have something to say about that.

Jones.—Well, we know the kind of houses the men in the mining industry are living in now, and what kind of standard we desire for them in the future. There can therefore be no excuse for our not planning to give housing, transport and social amenities to the mineworkers, if they have to move from one locality to another, because one colliery is closed, and another one opened. If you don't plan in advance for the workers you will have to direct them. That is likely to bring dissatisfaction and unhappiness. If you plan you're much more likely to make people healthy and happy.

Elger.—Yes, yes, but isn't the essence of the question this? Can you exercise State compulsion within a system of private enterprise?

Walker.—Yes.

Goodwin.—No.

Elger.—Well, I doubt it. Mr. Bostock said that enlightened self-interest would be enough to persuade him to take the job to the worker. But in the next breath he asked for financial assistance.

Goodwin.—As an employer; he would.

Elger.—Isn't there a danger that employers will refuse to be influenced. What are you going to do then?

Sir Charles.—I suggest that question is too big for us to deal with at this point. In any case a policy of control of location of industry surely does not mean simply telling employers—"go here" or "go there," "do this" or "do that." What we need first of all is a national survey of industry, natural resources like Jones was describing just now, manpower, and so on. Then, taking the general public interest into account, the Government could indicate to new firms or firms desiring to expand, the areas they consider the most suitable and desirable.

Elger.—They've done it and it's a slow job.

Sir Charles.—For that expansion, this would be of great value to employers, who after all cannot be expected to know all the facts themselves. If it can be shown that a firm will lose financially if it accepts the Government's advice, then I think it only just that some concessions should be made. But I think we all ought to be agreed that there should be some national broad guiding policy.

Worswick.—Thank you, Sir Charles. So much for mobility and location. Now we must go ahead I think. The next items on the agenda rise out of our experience of the Essential Work Order I suggest we should take them together in the form of three questions.

1. Should Government control of the movement of labour be retained?

2. If the fear of economic insecurity is removed by a full employment policy will there not be a serious problem of factory discipline?

3. Should the guaranteed week be continued? Mr. Elger.

Elger.—On the first point I agree with Sir Charles. I think there will be sufficient people who like to move. Except perhaps in the immediate post-war period I don't think direction will be necessary. I don't think anyone would wish for direction as a principle.

I think the question of discipline should have been put more precisely. Obviously, if you remove the fear of the sack the men in the factory will be more apt to take up their grievances. And so they should.

Walker.—Trouble making—

Elger.—Most workmen will believe that the war has proved that it's socially undesirable, apart from it's being industrially undesirable, that the right of dismissal should be held absolutely by the employer.

Goodwin.—I agree.

Elger.—Some form of machinery within the industry should be used as courts of equity rather than courts of law—to determine whether or not the punishment for offences or of indiscipline have been legitimate or otherwise.

My own view is that this war-time machinery is bound to continue, and that it's to the good of the temper of industry that it should continue.

Bostock.—The sooner it stops the better.

Elger.—As for question 3, the guaranteed week, I feel it has come to stay.

Jones.—I agree with Mr. Elger. Men and women don't like working in private concerns where they know they are piling up profits for shareholders whom they never see, and who do nothing except invest their money in the industry.

Bostock.—Come, come.

Jones.—They may be mistaken in this, but we have to give a new importance to labour, and that in my view can only be done if the men and women who are engaged in industry can feel that what they are doing is worthwhile doing. . .

Walker.—They know it now.

Jones.... and that it is not adding only to their own welfare, but also to the well-being of the whole community.

Bostock.—I don't agree.

Sir Charles.—I entirely agree.

Bostock.—Mr. Chairman. May I come back to the question of the guaranteed week? I think it is absolutely essential that labour should be free to move on the one hand and that management should be free to lay off on the other, but I do feel that it is reasonable for the worker to receive a week's notice or in lieu of notice a week's wages.

Walker.—Aren't they doing it now?

Sir Charles.—Yes, it's almost universal.

Bostock.—I would rather have too little labour than too much. The fact that we would not be able to lay-off numbers of people without giving them notice or paying them a week's wages would encourage employers to keep their labour force on a sound economic level, tending to be on the short side.

Walker.—I suggest that we're sweeping over the guaranteed week very easily without dealing with its obvious practical difficulties.

Elger.—Yes but we haven't the time.

Walker.—Take my own case.

I think my figures were something like one-third export and two-thirds home trade before the war. Now obviously I haven't the slightest idea what's going to happen to my export trade. I went to a great city a little while ago and noticed about half my customers were shut down—they couldn't stick five years of being cut off altogether from export—and what will happen after the war I haven't any idea.

If under these circumstances no one must be employed unless

we know in advance that his work will fit neatly into each week—a weaver, for instance, today, makes her contract not for a week, but for each warp, and may finish any day of the week—I'm afraid that often men and women will, in many cases, just not be employed and the scheme will tend to break down. In brief, I think the guaranteed week would guarantee not employment but unemployment.

Elger.—But, Mr. Walker, of course you already have it in operation for those in Management. They have their guaranteed week all right.

Jones.—Guaranteed year you mean.

Bostock.—And so do T.U. officials.

Elger.—We always come up against this class attitude towards life.

Walker.—It's nothing of the sort.

Elger.—Why do you assume that a certain section of the community should be denied continued employment within specified times?

Walker.—It has nothing to do with class.

Elger.—Rot.

Walker.—That's a bogey. Managing directors are very few and their work happens to be continuous. If all manual workers who are to be employed must work the full week then one would take care not to start anyone unless he or she had 100% week's work in sight. And many 2/3 days' job which wouldn't stand the cost of a full week's wage would go undone.

Elger.—Yes, but just a minute.

Walker.—This, as I say, would tend to produce unemployment.

Elger.—But what's the alternative, Walker—what has been our experience between the wars? I can think of two or three industries in which workers worked only three days a week, and then, if they could prove an entitlement to it, went on to unemployment benefit for the other days of the week. And what did we get as a result?—you got a concealment of the true facts of unemployment. But worse than that you tended to have industries maintained with a higher personnel than they were entitled to. It's better—far better that we should have the courage to have the bald facts of unemployment frankly recognised by the community so that alternative arrangements can be made.

Walker.—Assuming that you have the conditions which provide full employment none of this arises.

Elger.—Precisely—so if you get the conditions which provide full employment, the economic disadvantages of having to apply your industry to a full working week won't arise either—a break down for example.

Worswick.—Gentlemen! May we go on to the next item? We've talked about full employment of all the workers seeking jobs: we haven't said anything about how long the individual worker ought to work. May I have the meeting's views on this subject—shall we say on the 40-hour week? Mr. Elger.

Elger.—I want to suggest that the 40-hour week as such has got nothing whatever to do with full employment. We were accustomed—and particularly on the trade union side—to have the argument for the 40-hour week presented in the years of depression in a false light—that it relieved unemployment and made for full employment—in other words that it spread the work. What it does do in these circumstances, however, is simply to conceal unemployment, and it doesn't make for full employment. What we've got to do after the war is not only to divide the cake but to enlarge it.

Bostock.—Hear, hear!

Jones.—I object, I think the division is all-important.

Elger.—It looks as if there's a lot to be done when the war is over—maybe there can't be any question of a 40-hour week at once. But if the goodwill of the workers is to be maintained technological advances in industry must be accompanied by a social compensation for the worker whose hours must be progressively reduced. But whether or not 40 hours is immediately applicable in all industries is a matter which must be discussed, and should be, in the industries themselves.

Jones.—I think the 40-hour week is too long.

Walker.—Some of the workers think so too.

Jones.—The miners are fully convinced, and so am I, that where the coal faces in this country are mechanized, the men can produce more coal on the basis of a 5-shift week, than they are now producing in 5½ or 6-shifts.

Worswick.—That's very interesting. Could we have the views of some of the employers?

Goodwin.—They'll talk about absenteeism.

Sir Charles.—The question of the shorter working week presents no terrors to me, provided we understand where it's got to come from. There's only one place it can come from, and Jones has indicated it—our productivity and our efficiency. If it can be demonstrated that we can produce in five days as much as in five-and-a-half days, then let's shut down the other half day, and jolly quick! But we have got to demonstrate it, and I believe we can demonstrate it, management and workpeople together, if we only get down to the facts. We have a tremendous reserve of potential efficiency to draw upon in our country.

Walker.—I agree.

Sir Charles.—But I think we've also got to regard a shorter working week as a social problem and a health problem.

I want to see no work on a Saturday morning for the simple reason that I believe we shall have a far healthier community, both mentally and physically, if we have this longer weekend.

Bostock.—We're actually doing it. Six months ago we went to our people and said, if you'll get the same output in five days you can have the Saturday morning off. And it worked, and we're doing it.

Goodwin.—They're getting their pound of flesh.

Bostock.—Damn it, it can't come from anywhere else.

Worswick.—Mr. Goodwin, you want to add something?

Goodwin.—I do. In our industry—the pottery industry—we're calling for this 40-hour week because of the danger in certain sections of silicosis. But mind you, it would be no good our then saying to those men you must get as much work done in five days as you did in five and a half, for that would be increasing the silicosis danger again.

Bostock.—That's an isolated case.

Worswick.—Is the meeting agreed, then, that the question of hours of work must be treated on its merits? That is to say, it shouldn't get mixed up with full employment.

Walker.—Hear, hear.

Worswick.—Some speakers are of the opinion that a 40-hour week would not reduce—might even increase—output per head. Obviously that is a matter for experiment. It it proves to be right then obviously it's the thing to do. In cases where shorter hours mean less output we shall have to choose between more material goods and services, and more leisure and better health. Now I want to ask this—"Does full employment mean full employment for all women who wish to work in industry?"

Elger.—Oh dear. This question of the women, Mr. Chairman, is wrapped up with the agreements which have been entered into jointly between the government, the employers and the workers' associations. But in so far as women are dilutees in industry, these dilutees will be expected to leave the industry first. There's no doubt that in certain industries they will be shedding this sort of personnel (if anybody's got to leave at all) prior to the regular employees. It seems commonsense that the people who are established in the show have a sort of prior right to it. None the less this war like the last has shown, I think, that great numbers of women are bound to remain in industry—and we shall obviously have to face the problem of what has been very truthfully called, equal pay for equal work. We shall have to get our social adjustments as between earnings, not through a differentiation of earnings in industry, but through the application of income tax.

Walker.—I don't agree at all.

Sir Charles.—Mr. Chairman, there's one general remark which bears on all these problems which I should very much like to make before the meeting closes. It arises from Elger's desire to see a bigger productive cake—with which I entirely agree. It strikes me that we as a nation are, if I may put it so crudely, steadily going downhill.

Jones.—We're always going downhill, but we generally get to the top.

Sir Charles.—Because we are beginning to slip quite seriously in industrial efficiency. In the early days of the industrial revolution we led the world. Since that time we have been obviously outstripped in many directions and you know it is very, very important nationally that we should find out why.

Walker.—Some of us think we know.

Elger.—Remember we lost a generation of men.

Sir Charles.—I think the thing goes back to the disturbing effects of the last war. Since the last war I think we have slipped everywhere into the attitude and the atmosphere of self-defence. We have lost the offensive note. Far too much of the brains and the intelligence of industry has been used in the last twenty-five years trying to defend what we have got instead of getting vigorously forward with productive improvements and developments.

Bostock.—Yes, I know Sir.

Sir Charles.—I want to distinguish here between the financial control and the management side of industry. In the management side of industry there is very great restlessness just now.

Goodwin.—And among the workers.

Sir Charles.—We want to know why it is possible that this, that, or the other manufacturing line can be made in America and sold at prices which in some instances are at least half of our selling price and with labour that in America is paid twice as much as ours.

Jones.—But Sir Charles. . . .

Sir Charles.—I venture to say here quite flatly, that that is a downright damned insult to British industry, both to its management and its workpeople. It's high time we did something about it, if we're really to get the full employment we've been talking about. At the present moment there is too much going on behind the scenes in these things, of which I, as an industrialist of England, am most heartily ashamed.

Worswick.—You have thrown dynamite on to the table, Sir Charles. I fancy the meeting agrees with your diagnosis. But I doubt whether they would agree on the steps to be taken.

Walker.—Reintroduce a healthy competition, get rid of tariffs. . . .

Elger.—Stuff and nonsense Walker. Let the government produce a plan, a national plan for industry. . . .

Walker.—No. The inefficiency would be worse than ever.

Jones.—We either plan or muddle through, it's all a question of commonsense.

Worswick.—I thought so, gentlemen. I wish we had time to go through with it. Mr. Walker, I know, would say the way to efficiency lay through private enterprise and a restored field of competition.

Mr. Elger would argue in favour of socialism. We must stick to full employment. We can agree on that.

Sir Charles.—Yes. But whether we had private enterprise or a socialised industry my remarks would apply. . . .

Walker.—They would as to what is needed but not as to what is got.

Worswick.—They would; yes.

No. 5
MANAGEMENT AND MEN (II)

Speakers

G. N. VANSITTART
EDWARD PAXMAN
L. JOHN EDWARDS
ROBERT FREIR
EDWARD HIGGINS
G. D. N. WORSWICK

Announcer.—Jobs for All! We come to the second of the two programmes we are devoting in this series to a discussion by practical men in industry of some of the problems likely to become pressing in industry with full employment. Round the table here are sitting G. N. Vansittart, Regional Manager of an Overseas Firm of Manufacturers with British affiliations, Edward Paxman, Managing Director of a Diesel Engine Manufacturers, L. John Edwards, General Secretary of the Post Office Engineering Union, Edward Higgins, District Organiser in the Transport and General Workers' Union, and Richard Freir, Executive Committee Member, National Union of Agricultural Workers. It is likely, of course, that what these gentlemen have to say will be generally representative, but no one claims to be expressing more than his own personal views, I have been asked to make that very clear. The economist, David Worswick, is in the Chair.

Worswick.—Gentlemen, the agenda before us is grouped under four heads:—

1. Wages and Full Employment.
2. Demarcation Rules of Trade Unions.
3. Training and up-grading.
4. Recruitment of juveniles.

May I remind you, once more, gentlemen, that we are to discuss these problems in relation to a general policy of full employment. Is that agreed? Very well. Let us start with the first part of the wage problem. It is a most important one, I believe; indeed, many people regard it as one likely to cause considerable difficulty in maintaining full employment. The argument is this: full employment means always having rather more jobs than workers, so that there will be a seller's market for labour. Labour, therefore, will be in a strong bargaining position and will press for higher money wages. Clothing workers, for example, might demand a wage increase and this would lead to a rise in the price of clothing; then railway workers might demand an increase which would lead to a rise in railway fares, and so on. The cost of living would go up, and further wage demands might be made. If this sort of thing happens you may get a futile spiral of wages and prices chasing one another. Now it is feared, by some people, that there is a serious danger that this sort of thing might in fact happen

if you tried to get full employment in peacetime. What do you think, Higgins?

Higgins.—I think there's very little danger of that, Mr. Chairman.

Worswick.—You think so, Mr. Higgins.

Higgins.—I do, yes. The trade unions in this country are highly responsible bodies. They have shown themselves so during the war, and are not likely to press for unreasonable wage claims during peace.

Vansittart.—Yes I think we can agree round the table on that, but I don't think everyone outside would.

Higgins.—There has been a good deal of misinformed criticism in some quarters of the high wages said to be paid to workers in munition factories and so on during the war. But this is often the fault of employers.

Paxman.—In what way, Higgins?

Higgins.—Well, he would entice labour, knowing the Government will foot the bill.

Worswick.—Paxman?

Paxman.—I agree with what Higgins says about the restraint of trade unions. It has been a very noticeable feature of this war. As for his point about high wages in wartime—I notice from the recent Report of the Public Accounts Committee it's clear that this has occurred more frequently in factories managed by agents on behalf of Government Supply Departments. I don't think you will find much tendency or inducement for the ordinary employer to do that kind of thing.

Edwards.—I'm sorry to disagree with Higgins on this matter, and I only do so because I think that there is no more important aspect of full employment than this matter of wages policy, and there is no matter on which there has been less thinking. Frankly, Mr. Chairman, I think there is a danger of sectional wage increases, followed by price increases. It's no use blinking the fact. And I don't think it is enough simply to ask trade unions to restrain themselves—or to expect employers to refrain from enticement for that matter. Mr. Higgins says you can rely on the trade unions not to make unreasonable demands. But who is to know—let alone decide—what is a reasonable wage for any particular industry? What is a reasonable increase, if confined to one industry, may be impossible if it is extended over industry as a whole. And it's only natural that each union should regard its own demands as reasonable. I myself, for example, should regard a substantial increase in the wages of telephone workers as completely reasonable.

Higgins.—So should I with regard to our own low paid workers.

Freir.—So should I, in agriculture. All ours are badly paid.

Edwards.—My first point, then, is that there ought to be a national policy *about* wages. By that I don't mean rigid Government control of wages—with the Government fixing all wage rates and so on. Perhaps I could give you an example of my own

experience. I've been trying with some of my Executive members to classify into five groups, according to their relative values, some 60 occupations connected with telephone engineering.

Worswick.—And on what basis, Mr. Edwards?

Edwards.—We took into account such factors as technical knowledge, control of staff, manual skill, responsibility for plant and for supervision, elements of personal risk, danger, discomfort and so on. Now it was a difficult and troublesome business, but we did find it was possible to get some idea of the relative value of different jobs. Something of the kind has got to be done now, I submit, on a national scale.

Higgins.—Yes, but how are you going to do it?

Edwards.—The policy I propose is a set of agreed principles. If we had an agreed set of principles to which we could all refer in wage negotiations and which the arbitration tribunals would take into account before publishing their awards, then I feel this business of wages would begin to make sense. But there are just two qualifications I'd like to make.

Worswick.—Certainly—go on.

Edwards.—Well, wages won't just stand still, we must avoid setting up a rigid system—otherwise there will be no incentive to move from one job to another one. And in the second place I feel sure that we have got to divorce wages from the profitability of the particular industry.

Paxman.—I go a long way with Edwards' first point there, Mr. Chairman. But I don't see the logic of his last remark. Surely the profitability of an industry can be some measure of the social urgency—of the value which the consumer attaches to a particular product. Higher wages in the industry would attract the extra workers, which is just what a successful and expanding industry will be needing.

Edwards.—That would be true enough Paxman, if there was genuine competition, so that the high profits caused existing firms to expand production, or attracted new firms into the industry. But I had in mind the quite common case, nowadays, of a monopoly or trade association which can get high profits by raising prices and restricting output without any fear of competition.

Higgins.—I thoroughly agree with you. We must see to it that monopolies or trade associations are not permitted to bleed the consumer as has rather been suggested trade unions might attempt to.

Worswick.—Vansittart? You were going to say something.

Vansittart.—I was going to say that kind of thing ought to be stopped anyway. Then your particular difficulty would not come up. The profit of industry should be sufficient to attract the necessary capital to maintain or to expand the industry. But we ought not to allow monopolies or cartels to keep prices up, and profits, simply by exploiting the consumer. I am very sure there were plenty of instances in the past where that has happened to the detriment of the industry.

Edwards.—I quite agree with you, Mr. Vansittart, though it's easier said than done.

Worswick.—We are wandering into a very wide field now. I take it, Mr. Edwards, that when you say there ought to be a policy about wages you would mean a policy about prices and profits as well?

Edwards.—Certainly. I think there is no chance of getting trade union agreement on a wages policy unless there is close control of both profits and prices.

Higgins.—Hear, hear.

Paxman.—I think there's a good deal of difference between close control and a policy.

Vansittart.—I quite agree.

Worswick.—I'm very sorry Paxman, but I think we must stick to the point. May I raise a new point. Wage increases under full employment, it is said, should only be permitted when there is an increase in productivity. What are your views on that, Mr. Higgins.

Higgins.—Well now there is a good deal in that if you take it in a very general way. If you really succeed in getting your full employment policy, then obviously an increase in the overall income of the nation can only come if there is increased output.

Worswick.—Do you mind if we stick to the word productivity, or if you like—output per man?

Higgins.—The whole national cake will then be greater. But that still leaves open the question of the division of the cake. I don't know the exact answer. But on the trade union side we are pressing more and more for the raising of the wages of the lower paid workers. That's to say, we know who ought to have first priority in the division of the cake at any rate.

Freir.—May I come in on this, Mr. Chairman?

Worswick.—Please, Freir.

Freir.—Well now take my industry—agriculture. The wages of industrial workers are higher than the wages of agricultural workers, and to my mind the only solution to that is to raise the wages of agricultural workers. If a job in industry turns up with higher wages the workers go to it and naturally don't want to return to the agricultural industry for lower wages. All right, you may say. Let this process go on. Drain away the workers from the land. If that goes on long enough, the agricultural workers will become very scarce and employers then will have to pay higher wages. But, I say this, if you want to keep the workers, and their children, on the land after the war, you'll have to do something quickly to narrow the gap which exists between the wages and conditions in agriculture and those in other industries.

Paxman.—Of course agriculture in the past has sometimes been a very unprofitable industry and its case is, therefore, entirely different from that of the competitive and prosperous motor industry, or the relatively sheltered telephone service. And while I am not for a minute suggesting that agricultural wages should

not be far higher than they were pre-war, what I would like to know is how the economic balance is to be effected. How is agriculture going to pay these higher wages?

Freir.—We think it can—by we, I mean the agricultural workers. By a complete reorganisation complete with technical efficiency.

Edwards.—Is that an easy matter?

Freir.—Yes.

Worswick.—I must stop you gentlemen. We keep coming back to very wide issues of industrial organisation but I'm afraid we haven't time to go on with them. I think we are all agreed that there's going to be a wage problem under full employment—or rather a problem of the relation of wages to profits and prices. Edwards has suggested that there ought to be a national policy about wages and prices and other speakers have confirmed this view. May we now take the next point? Will the restrictive practices of trade unions hamper a policy of full employment. The kind of thing I had in mind there was, for instance, when a boilermaker had come to a certain part of the job, it used to be the custom to leave it and wait the plumber's convenience. Now will this sort of thing hold up the expansion of a particular trade, and so cause other workers to be idle.

Higgins.—I should like to suggest, Mr. Chairman, that the scope of these restrictive practices is much less than is commonly supposed. They are most common in engineering, shipbuilding and one or two special trades, but they are not general. Where it can be shown that they are restrictive they ought to be abolished—as they have been during the war. I think you can take it that if you succeed in your full employment policy the unions will co-operate in abolishing them. But employers can co-operate—though I'm doubtful if they will—by agreeing on a sane wage structure. In particular they must cease to discriminate between men and women.

Worswick.—Do you want to add to that, Vansittart?

Vansittart.—Only to say this. If you try to insist on demarcation rules too rigidly you are bound to get into difficulties. For various reasons ours—the motor industry—is a seasonal industry. Once a year there is a slack period which we use for re-tooling for the new models. So in our company at this time we turn the men on to odd jobs around the factory.

Edwards.—Does that bring you into conflict with your union members?

Vansittart.—Well, I can only say it hasn't so far. We take the men into our confidence—tell them all about it. There are, of course, plenty of union members, but so far as I know they do the odd jobs too, and quite cheerfully—so long as they know clearly what it is all about.

Edwards.—What do you pay them Vansittart?

Vansittart.—The same rate as their normal job. It pays us to do it. If we laid them off, as we might have to in some cases

if the union rules were enforced, we might lose the men to other firms, and lose the standard of skill which we are trying to establish. We're not anxious to do that, and we have found out that continuity of employment is an invaluable thing to us, for it maintains continuity of skill and a feeling of co-operation and security all round.

Higgins.—If all employers were equally co-operative there wouldn't be so much difficulty about this problem.

Worswick.—Thank you, Mr. Higgins. Has anyone anything more to say on this? The next item on the agenda is the question of training and up-grading men moving into a more skilled and highly paid occupation. I think it follows directly on what we have been discussing.

Higgins.—I shan't be popular for saying it—but it's stupid to say that because a man hasn't been in a particular job since he was sixteen, therefore he should not get the full rate. Why should he be restricted in this way just because he cannot produce a paper signed by his Father, his Mother and Uncle Tom Cobley and all, when he was a boy?

Paxman.—Some craft unions have lately begun to accept title to a trade without formal indentures of apprenticeship. There are still some who won't, of course, but it's less common. But it's going to be a serious problem immediately after the war. There are many instances of aero and marine engines, for example, which were produced entirely by skilled men before the war—but owing to the need for much greater production the process was broken down and changed and now the whole engine is produced by unskilled workers. If the restrictions are restored after the war many factories will have to close down entirely.

Vansittart.—I suggest, Mr. Chairman, that we ought not to be concerned so much with the *immediate* post-war problem. It's very important—but we all expect to see some control and continuation of dilution in that period. I think in our factory we have found an answer to this question of demarcation. All the jobs in our factory are graded—with higher wages for higher grades—and the whole thing is published so that everybody knows where he stands. Any worker is eligible to apply for a higher grade of skill, and for a period of training and assistance to reach that standard.

Edwards.—Well, how does it work exactly?

Vansittart.—Well, he puts his application through the normal channels. He is examined by his own mates and if he is qualified then he is up-graded. In this way we don't have to worry about indentures for our workpeople generally—although we use formal indentures for our technical apprentices.

Higgins.—Many unions are tending to look at it along these lines.

Edwards.—I'd like to make one comment, here. The kind of scheme you describe, Vansittart, could only work if there were always more jobs than people wanting them. Now I know that for the purpose of this discussion we are assuming that there will

be. But let us notice where the shoe would otherwise pinch. If there were a slump—then the higher grade workers would cease to up-grade other workers for the simple reason that—they would feel it was cutting their own throats.

Vansittart.—There may be something in that, Mr. Edwards. We look at the matter in a narrower way, but still a perfectly good one I think. It is to our advantage as employers to develop as far as possible the technical ability of our workpeople. We start with the youngsters—we have a special officer who is really a kind of headmaster—for all the boys who come in. He is responsible for giving every one of them an opportunity for training in any field in which the boy is, or thinks he is, most suitable. He keeps closely in touch with the local education authorities and the technical schools, who provide many of the courses for the youngsters. This principle of continuous training and up-grading runs right through the organisation. As a result of all this we have higher productivity and can keep more ahead of our competitors. It's a slow job, of course, but we are making very definite progress.

Worswick.—Vansittart, would you say this attitude was general in industry to-day?

Vansittart.—No, certainly not—that's the trouble.

Higgins.—You know, I was just going to say that myself. Let me tell you about my own boy—he's fifteen. About a year ago he came home with a black face—I asked him where he'd been and he told me he'd left school and got a job in the machine shop. It was the first I'd heard of it. He said he was working on a lathe. I had a good talk with him—and he seemed very keen on it so I let him have his way. Well, after about nine months I asked him how he was getting on. He said he was getting a bit bored, but he didn't mind because they were going to let him go on piece work in a week or two and the pick-up would be worth while. So I said, "My boy, that's just where you're wrong. If you start on it, you will be on that lathe for the rest of your life, a blind alley job, and you will be one of the fellows who will have to roll their sleeves up to their shoulders every day and take orders from the other fellow. If you want to stick at the job, get on with it, but if you don't, get out of it, go to night school, get the necessary technical education and training, and you will be the fellow who will hand out the orders and take extra money for it." There was far too much of that before the war and there's far too much of it now. Very often lads like that are scrapped when they are nineteen or twenty because a new batch of youngsters comes along.

Vansittart.—That illustrates the thing very well. If your boy was with us and he was a bright lad, that just wouldn't happen!

Paxman.—It is a most serious question, this question of training. We cannot as a nation afford to neglect our young workers. I've been looking at the estimates which the Registrar General has made of the future trend of our population. Quite apart from raising the school-leaving age, the annual intake of juveniles is going to decline very rapidly in the near future.

Worswick.—Can you give us exact figures, Mr. Paxman?

Paxman.—Yes. In the year 1937 the number of children—I call them children or juveniles, between the ages of 14 and 18 was three and a quarter millions and since the school-leaving age was normally fourteen, the number available for industry was the same figure. In 1943 the number of juveniles had dropped to two and three-quarter millions, but according to the Registrar, by 1955 they will have dropped to two and a half million. With the raising of the school-leaving age to sixteen the number available for industry will be only one and three-eighths millions. That is, in ten years time we shall have in industry only half the number of youngsters that we have to-day—almost only a third of those that we had before the war. I think piece-work for youngsters until they are trained is bad. It's too tempting for some parents, it's tempting for short-sighted employers and it's got to be stopped.

Worswick.—There's one thing that worries me about this and I'd like to have your views. It's not enough merely to say that employers ought to do certain things when as Mr. Higgins points out they very often don't. The first step is surely to regulate the labour market for juveniles. That is to say all engagements of juveniles should be registered with the Employment Exchange. Would you agree that that is the first step, Paxman?

Paxman.—Certainly. Though I wouldn't limit it to juveniles. I don't see how you can have a full employment policy unless you have a record of all employable people—and the jobs they are in. You cannot plan unless you know what is happening.

Worswick.—What is the next step?

Higgins.—A number of industries have already studied this problem—for instance, Electricity Supply and Engineering. In one case there is a good scheme which starts with the elementary school boy entering the undertaking—and at every stage provides him with facilities which, if he uses them, will enable him to go right to the top of the tree. The lads themselves also are encouraged to put forward suggestions.

Worswick.—Mr. Freir, may we have your views? Does all this apply to agriculture?

Freir.—Yes, I am pleased to say that at last the Government has recognised that agriculture is entitled to the same facilities for technical education as other industries and a permanent Joint Advisory Committee has been set up to advise the Ministries of Education and Agriculture in this matter.

In my view, technical schools should be established in every county, where boys and girls can get not only a good general and cultural education, but can also get the necessary colour and background to make country life attractive.

Vansittart.—Certainly it should be done.

Freir.—These schools should be available to town and country scholars alike. They should not aim at turning out trained farm workers. In fact, only a small part of their time should be devoted to practical work, especially in the early years. The vocational training should come later.

After leaving these schools at, say, 15 or 16 years of age, the brighter scholars should be given an opportunity for a period of intense technical and practical training at a Farm Institute. But there should be a year or two's work on a farm or a market garden between leaving the technical school and entering the farm institute.

Worswick.—Have you any comment, Edwards?

Edwards.—Well, I should like to bring in one or two additional points. All my young members—and a large number of the older men too—spend up to three evenings a week at technical classes. Now this on top of a 48-hour week—or longer—is a terrific burden.

Higgins.—Too much.

Edwards.—All technical education which is part of training for the job should be done ideally in working hours.

Paxman.—I agree with you. I think there are some pretty big practical difficulties when you come to make the arrangements.

Edwards.—I agree. If this is impossible, then equivalent time off with pay should be granted. We must, however, never lose sight of the aim of any scheme of training, which should be to provide competent staff who are at the same time no less competent citizens.

Vansittart.—There are plenty of good schemes, and good firms who run them. But it's not general. The first thing therefore is to have a policy. That means beginning with the question of information. There must be a proper system of guidance for all children leaving school—at this stage the main burden of responsibility should fall, I think, on the education authorities. Then in industry itself we must have schemes of apprenticeship and training which are flexible at every stage—to give the youngsters the greatest opportunity to follow their bent. Then throughout industry we must have schemes for re-training adult workers who are changing jobs—perhaps leaving a declining industry for example—or just because they want to.

Higgins.—There has been a good deal of thought given to that point.

Vansittart.—There's one final point—to do all this you've got to have a management which knows its job—and understands the value and urgency of the matters we are talking about this evening. I'd like to say a good deal about that—because management isn't as good as it might be by any means.

Edwards.—What you are saying Vansittart is that management also needs to be trained and I agree in thinking of management we have got to go further down the scale and give proper training to our first line supervisors and our foremen.

Higgins.—Very definitely.

Worswick.—I'm sorry to interrupt you, Mr. Edwards, but it's my duty as chairman, now, to close the meeting. I think, gentlemen, we have succeeded in covering some very useful ground.

No. 6

**INTERNATIONAL REPERCUSSIONS
ON
THE WORLD AND OURSELVES**

Speakers

G. D. N. WORSWICK

WILFRED ELEY

WILFRED WHITE

NORMAN HOWARD

WALTER SYKES

Announcer.—Jobs for All! International Repercussions! In the last two discussions in this series employers and union officials were discussing problems likely to become urgent on the assumption that we shall continue to have full employment after the war.

Now our speakers mean to come to grips once more with that assumption.

They have been speaking so far as if we were alone in the world. But Britain is not only a small country, but one whose situation has, in the past, made it depend for its livelihood and its prosperity largely on trading with the rest of the world.

How far will other countries affect us after the war? How far will what other countries are willing to sell to and buy from us influence the number of men we can or cannot employ at home?

Last week, Mr. Worswick, we faced you, you'll remember, with a studio audience.

Worswick.—I haven't forgotten!

Announcer.—We've no private audience for you now. You've to try and make your points with Mr. Eley, a farmer from Gloucestershire, Mr. Howard an artisan, Mr. White, who's going to represent the consumer, and Mr. Sykes, who is a leading foreman from Yorkshire. And may I add this? We look to you, Mr. Sykes, not to pretend to be quicker or more clever than you are—which, as you come from Yorkshire, is, of course, quite quick and clever enough.

Now, Mr. Worswick, I pass to you.

Worswick.—I've attempted to prove in these broadcasts that here at home we can, with a deliberate policy, control the number of jobs we provide for one another. But is effective demand, the spending of money, enough by itself to create a job? Not always! When we arrange that the consumer and his family, that's you Mr. White . . .

White.—At your service.

Worswick.—. . . shall have the money to demand more shirts and blouses we've arranged the first condition of there being a job for the textile worker. But that isn't enough. The textile worker

needs textile fibres and threads. And these are normally imported from abroad.

Again, while they work, the cotton spinners and weavers have got to eat. And if things are going to be anything like what they were before the war . . .

Eley.—Well now look . . .

Worswick.—. . . one moment, Mr. Eley—the textile workers will need some of their food from abroad. What guarantee will there be that we shall be able to import enough raw materials and food to maintain our high level of production and consumption at home?

That's my first question.

Eley.—Well, as I see it Mr. Worswick . . .

Worswick.—One moment, Mr. Eley. I want to ask a second question too! This one concerns *exports*.

Before the war one man out of eight in a job in Britain worked in an industry making for export.

Howard.—I didn't know it was as much as that—was it really one in eight?

Worswick.—Yes. That's approximate. The jobs of these men therefore, depended not on demand at home but on demand overseas. Now we can control demand at home. But we can't—at any rate to anything like the same degree—control demand overseas. What the Argentinians, the Norwegians, the Americans, and so on want from us is always going to be primarily their choice and not ours. That's an awkward fact, and obliges us to ask how their actions are likely to affect employment in this country. Have I made these two questions absolutely clear?

Eley.—Yes, I think so.

Worswick.—Mr. Sykes, have you got the two questions clear?

Sykes.—Quite clear, thank you.

Worswick.—And you see how they concern our employment at home?

Sykes.—Certainly.

Worswick.—Good. Let's take the question of imports first. Before the war, we imported about £400 million of foodstuffs and £350 million of raw materials, some raw and some semi-processed. Our imports of finished manufactured goods were small in comparison, £100 millionworth or thereabouts. Now many people say that full employment at home must depend on our being able to import, after the war, the same or an even larger volume, of imported foodstuffs and raw materials.

Eley.—I'm afraid I'm bound to interrupt you now, Mr. Worswick. For the first time since the last war we farmers have now had a chance, for four or five years, to go all out producing food from British soil for the British people. If we return to 1939 and again import £400 millionworth, or whatever it is—of food imports, there's going to be no chance for the farmer at home to make a decent living. Must we import our food in order to get full employment? That's what you're asking. I say not at all! It

seems clear to me that the less we import the more jobs there are going to be at home. We had unemployment before the war because instead of giving jobs to our own people we imported the stuff and gave the job of making and growing it to the foreigner. If you want full employment at home you must look after the industry which gives the greatest employment per unit of capital, agriculture.

Howard.—As a working man, Mr. Worswick, I agree with Mr. Eley. I don't think much of all this trading and jobbering about. Suppose after the war, we can't import as much as we used to—there's plenty to do at home! Look at housing, *that* doesn't need any imported raw materials.

Worswick.—Mr. White, I appeal to you, as a consumer.

White.—It's clear enough to me. I don't go with Mr. Eley and Mr. Howard. I'm the customer. Right! I'm interested in getting the stuff cheaply. If it comes cheaper from abroad let's have it.

Howard.—That's the old free trade argument all over again.

Eley.—What good does it do the consumer—tell me that Mr. White—to be offered cheap imported stuff if he hasn't got a job and the money to buy the stuff with.

White.—Haven't you got the point, Mr. Eley? The whole point of the "Jobs for All" policy is that we're going to have the jobs *and* the money.

Eley.—That's good.

White.—Given decent wages then I say, let's have the cheap imports.

Howard.—No! Let's do the work at home, not give it to the foreigner.

Eley.—Exactly.

Worswick.—May I interrupt you three—there are two sides to this question and we must disentangle them. What has foreign trade to do with full employment? Let's start again and put the question in the broadest possible terms. We shall never see straight unless we see imports and exports together. The foreigner works for us—we import his stuff. And we work for the foreigner—we export our stuff to him.

Eley.—Yes, but what is the purpose of it all?

Worswick.—Just this—foreign trade is a labour-saving device. And we shall look on the chance of labour-saving through trade exactly as we look on labour-saving through machinery *one way* if we're already fully employed, and *another* if we're not. Ask Mr. Howard here, how he looks on the introduction into the factory of a new piece of labour-saving machinery, when hundreds of his friends are already standing idle outside.

Howard.—No need to ask me that.

Worswick.—You don't like it!

Howard.—No!

Worswick.—Of course you don't. But it's another thing altogether, isn't it, when everyone is fully employed already and there's no one else to bring in.

Howard.—Ah! that's different.

Worswick.—If you still want your production to go up, then you'll make use of every labour-saving device you can.

Sykes.—Excuse me, sir! International trading may be labour-saving. But haven't you told us already that it's much more than that? Haven't you told us we need our raw materials? I should know that, working in a blanket factory. There are some things we have got to import simply because we can't produce them here, no matter how much labour we use.

Worswick.—Alright! Are you sure? What couldn't we produce here?

White.—Bananas!

Eley.—Yes, but bananas are not exactly raw materials are they?

Worswick.—One moment! Couldn't we produce bananas in hot-houses if we wanted to, Mr. White?

White.—In hot-houses at a half-a-guinea a time?

Worswick.—I agree, it depends how much we want them. At that price we might prefer to eat apples instead. All the same I believe it's true to say that there's hardly a single thing we ordinarily import which we couldn't *at a price* either produce or substitute for at home. At the moment for instance, we're making rubber out of oil, while I'm told the Japanese are busy making oil out of rubber.

Sykes.—There's something I'd like to point out. It's a mad world at present. I hope you're not going to base anything on that for after the war.

White.—No, I hope you're not suggesting, Mr. Worswick, that we should go on doing that sort of thing in peace. We must get some sanity back in peace-time. Why shouldn't each country produce what it's best at producing and swap it for what the others are best at?

Worswick.—Precisely! That's another way of saying what I've been trying to say. The purpose of international trade is to save labour and that is done by swapping goods which we produce relatively easily against another man's goods which, if we attempted to produce them at home, would require far more effort on our part. Is that clear? But there is not much point in saving labour unless we have a full employment policy which offers new jobs to people as fast they lose their old ones. I want to stress that.

Eley.—Oh dear, oh dear, Mr. Worswick! Surely there is something else to save in this world besides labour. We want a healthy economy and a healthy society, we want a wholesome balance between industry and agriculture.

Worswick.—Alright, Mr. Eley! but please don't let us confuse the issue just at this point. If we import food instead of producing it from our own labour, from our own soil, it would be so that we could use our own labour more productively somewhere else.

Eley.—Yes, but don't you think—

Worswick.—Just a minute Mr. Eley, you may approve or dis-

approve of that. You may feel that agriculture is so noble an occupation that it is worth while for the community as a whole consciously to sacrifice some of its standard of living—to waste some of its labour—so that it can have the largest amount of agriculture at home. But you have to fight that out with Mr. White, the consumer, who I can hear has other ideas.

White.—You bet I have!

Worswick.—Only I can't let you do it now. Don't misunderstand me! I'm not arguing now for or against any particular policy, but only suggesting as hard as I can that if people will look upon international trade as a labour-saving device—look upon it in fact, just as they look upon machinery, they will soon get it into the right perspective.

White.—And the more we have of machinery and the more labour we save the better for all of us.

Worswick.—Provided we have a policy enabling us to make sure we use all the labour which trade or machinery or any other labour-saving device sets free. How far have we got? We have been asking ourselves whether we would have to give up full employment at home because of a lack of imports. And the answer to that—temporary dislocations apart—is a most emphatic "no." It's all the other way round.

Sykes.—I'm still not quite clear why.

Worswick.—Because if we can't trade as much as we did before, or as much as we might like to, what we shall be missing is the chance of saving labour by international specialisation. That means more work for us, not less, and more need, not less, for employment at home. Instead of importing foreign products we might have to use our own labour to produce them at home. If we find ourselves short of a raw material we need to work on, cotton for textiles or anything else, we shall either have to produce the *material* at home or else a *substitute*. To produce that material, or its substitute, at home in relatively adverse conditions, is likely to demand more effort on our part than would be required for the production of exportable goods to be exchanged into imports. In short, it takes less labour to produce radio sets and swap them against Egyptian cotton than to produce some substitute cotton here.

If we cannot trade with the world on an adequate scale that might I grant you affect our standard of living, but it wouldn't affect or spoil our full employment. For the simple reason that our labour wouldn't be going so far. We should be using more of it to get less result.

Alright then! That's the answer to the first question. Now for the next!

Doubt No. 2. Might a fall in demand abroad for British exports—exports now—might a fall in the demand for our exports spoil our full employment?

Howard.—We know one thing. Our export industries had the worst unemployment between the wars.

Worswick.—Yes. You're perfectly right. Before the war, an average of one man in eight, as we've said, was working on stuff for export. And we've admitted frankly that whatever our government can do about home demand it has no direct control of overseas demand for British exports.

But I think we need to go very warily. Because there are two problems in one here. If the overseas buyer stops buying any particular export, that will immediately throw the worker engaged on that export here out of a job. That'll be awkward, but it will at least be in our power to offer those workers alternative jobs at home. But unfortunately that's not all. We've got to learn, as I said, always to think of exports and imports together. Our exports pay for our imports. We can't in the long run go on importing without paying for it.

White.—Agreed. It's a process of exchange.

Worswick.—Exactly! We must see that our exports are the overseas buyers' imports. Now what is it that makes them willing to import? Precisely the same that makes us willing. We're anxious to import only when all our own people are already in jobs! It's the same, exactly, with any other country.

White.—Quite, it's bound to be.

Worswick.—In a slump when countries are pre-occupied with an unemployment problem and no one knows how to find jobs for the available labour at home, international trade goes to pieces.

Voice.—Yes, that's right.

Worswick.—Every country tries to keep imports out and to foist the greatest possible amount of exports on all the others.

Sykes.—Excuse me, Mr. Worswick, but I want to be quite sure I see why. When there's unemployment at home, it's jobs, not goods, that are short.

Worswick.—Right. So anything that makes work and gets rid of goods will be welcome then. If a country doesn't work for itself it tries to keep things going by doing more work for the foreigners. As long as we have unemployment, effective demand at home will be short, so we shall be all in favour of sending more of our stuff abroad to supplement our own shortage of buyers with overseas buyers. With unemployment it's jobs, not goods, that any country wants first. It'll even prefer to give some of its real wealth away so as to keep its employment at home high.

Sykes.—And the "real wealth" it gives away. What's that?

Worswick.—Motor cars, silk stockings, cloth—whatever you like. Goods, simply. All clear?

Sykes.—Except that I can't quite see, still, how it can pay us to give stuff away. Wealth given away is wealth given away.

Worswick.—Do you remember the paradox of men in jobs digging holes and filling them up. Jobs don't only keep us busy. They distribute wages.

The workers producing the goods we're to give away to the foreigner receive wages. They spend their wages, and their spending gives productive employment to other workers at home who

start producing the extra shoes, clothing, and so on. So much for slump conditions.

Now think of a boom. A permanent boom maintained by the kind of full employment policy we've been trying to explain in these broadcasts. Think simply, of the full employment we're experiencing in Britain now, in an admittedly exaggerated form. Do we want to send goods abroad now, just for the sake of having something to do?

Howard.—Good lord, no!

Worswick.—Exactly! Do we resent imports—that is other people working for us. Not in the least! Think of Lease-Lend.

Sykes.—Apart from the fact, Mr. Worswick, that we might one day have to pay for them.

Worswick.—That's very shrewd, Mr. Sykes. You don't come from Yorkshire for nothing. That's precisely the problem I'm driving at. If we maintain full employment at home we maintain an undiminished demand for imports. But if employment in other countries collapses their demand for our goods, our exports will collapse too. If it does we shall lose our means of paying for our imports.

White.—Which would be serious, don't you agree?

Worswick.—Yes, except for the fact that it might pay the exporting countries to let us have our imports for nothing, or on long term credit. Think back, Mr. Sykes, it would be the same for them as it would be for us. It will be the foreigner now that wants jobs rather than goods.

Is it clear now, at any rate, that whether a country has full employment or unemployment at home is going to make the whole difference to the way it looks at international trade. In a slump every country likes to import as little as possible and send out the greatest amount of exports. In a boom, on the other hand, every country would prefer if it could have it all the other way, take imports only and export as little as possible. In either case there's only one snag. All countries taken together can't export more than they import.

Sykes.—Why can't they? We in Britain *can* have a surplus of exports over imports, can't we?

Worswick.—Under certain circumstances, yes.

Sykes.—So I take it, can America?

Worswick.—Under certain circumstances yes, and would probably like to.

Sykes.—And the same for each particular country?

Worswick.—Yes. Each can have it under certain circumstances, but the circumstances can never be such that all have it at once.

Sykes.—Why can't they?—that's what I can't see. Who's going to force them?

Worswick.—No one! It's a tautology.

Sykes.—No! I can't let you get away with that one. What does it mean?

Worswick.—Means simply this, that a sale's got to have two sides. If I want to sell and you won't buy—it isn't a sale—the transaction doesn't go through. If a sale is made from one country to another, the seller calls it an export and the buyer calls it an import—two different names for the same transaction. Exports and imports therefore are for the world as a whole, *the same thing—sales actually transacted*. No country can export more than it imports without some other country—or countries—importing more than they export. And the same the other way round.

Sykes.—And is that all there is in it?

Worswick.—All, yes, but it's a lot. For some reason or other most people find it difficult to see what is really a self-evident truth. If you really get hold of it though, you've got the key to all the problems of international trade.

Sykes.—Let's hope we've got hold of it.

Worswick.—May I go back to where we were? If all countries were to suffer unemployment at home—and that's what tends to happen in a slump, as you know—then all countries would like to export more than they import. But they can't. They can't all do it at the same time. So what happens? Well, what's happened so far is that each country has put its head down and rushed for it. International trade instead of being a peaceful give and take, becomes a mad scramble for markets. A scramble in fact in which some people are bound to lose.

White.—Yes.

Worswick.—Have a good look at that. We want to avoid its happening again in the future. What I'm saying is this. In a slump, nations are opposed to imports, and make it difficult for exporters everywhere to sell their goods. What's the result? The result is that world trade is kept at a low level with the world's exporters having a lot of unsaleable goods on their hands.

White.—Yes! but look here! It'll be just the same, the other way round, in a boom. If what you've said already is right then all countries together can't import more than they export.

Worswick.—They can't. No! but they'll try.

White.—And I want to know what good that will be. The boom situation will be just as awkward, just as inconvenient, just as mad, as a universal slump.

Worswick.—In a world slump we know what happens, we've experienced it. Poverty in the midst of plenty! Real wealth fails to get where it is wanted. The machine jams! We've experienced it at home and abroad. At home unemployed without money. Overseas, people burning coffee and throwing grain into the sea. But now look at a world boom. There's an enormous difference. In a world boom all that can happen is that the exporters everywhere can't supply more goods than they've got. That sets a limit, I agree, to the speed at which the machine runs. But that limit is reached only after the machine has already attained its full speed. There'll be no waste anywhere, but only some appetite left over which can't be fed. What's wrong with that?

Sykes.—I can follow that one right home.

White.—Well, would there be anything we could do to increase our speed still further?

Worswick.—Why, yes! Labour-saving. We should then have every inducement to study every labour-saving device and to improve efficiency all round. We might, in fact, quickly become dissatisfied with many of the protective devices that have grown up in an unemployed and depressed world, which hamper the flow of international trade. But never say again, Mr. White, that a world boom would be as bad as a world slump.

White.—No! I can see that. A world boom is what we must aim at.

Worswick.—Yes. But we shall never get it by merely tinkering about with particular international trade problems. We must *first* create the conditions that will make each single nation anxious to import.

Sykes.—Full employment at home.

Worswick.—That's it, Mr. Sykes. As soon as every country has brought about its own full employment we shall have our boom in international trade.

The paradoxes of international trade are merely an offspring of the domestic absurdity of poverty in the midst of potential plenty. We can't expect to get profitable, *mutually* profitable, and happy international trading relations unless each country first solves its domestic problem and sees to it that there is no unemployment when so much work is crying to be done. Let each nation put its own house in order. Let all the principal trading nations adopt a policy at home which creates a steady and continuous demand for all its available labour resources and we shall have made an end for ever of all the contradictions in our trading relations with one another.

White.—We hope.

Sykes.—No grabbing for foreign markets. An open mind towards imports. A full employment policy all round. I wonder if it isn't asking too much.

White.—Frankly, so do I. In this room we seem to have come to the most happy conclusions, this evening, very happy conclusions, but I'd be willing to bet that people outside will be thinking what I am. Our picture of world boom seems to depend on every country playing the right game at the right time. But what chance in heaven is there that they will? First they've got to understand the game, and then they've got to play it. I wonder if that isn't to ask too much. I wonder if we in England mightn't be left, as usual, carrying the baby—behaving correctly—thinking of exports only as a means to imports—as our economist remarks—while other countries think of exports as an end in themselves and proceed to divide the world's markets between them?

Eley.—Yes, there's a lot in that.

Worswick.—Yes! I agree that is the question. I think there's a satisfactory answer to it. But I suggest we start there next time.

No. 7

BRITAIN AND WORLD MARKETS

Speakers

G. D. N. WORSWICK

WILMOTT RAGSDALE

GEORGE BERRIE

D. R. WALTERS

Announcer.—Jobs for All! Britain and World Markets. The job of the economist, David Worswick, is to examine the question as to how far full employment in Britain after the war is likely to be affected by the domestic situation and the trading policy of countries overseas. With him are Wilmott Ragsdale, an American Correspondent who has specialised in the question of International trade, George Berrie, an Australian at present living in this country, and D. R. Walters, Secretary of a group of British Plastic Manufacturers. The question they are going to discuss involves international political implications. Again, as throughout the series, the speakers will try to confine themselves to economics but we wish to make it perfectly clear on their behalf that each of them is speaking in his personal capacity only and not raising any claim to be representing any general or official body of opinion.

Worswick.—I argued last time that international trade, the swopping by different countries of exports against imports, is in the very simplest terms, a labour-saving device. We exchange something which we can produce with relatively little effort, for something which would require rather more effort to produce at home.

Large scale unemployment necessarily creates a very unhealthy climate for international trade, exactly as it does for labour-saving by other devices, automatic machinery for example. In a slump there is great pressure inside all the countries affected to push exports and to limit imports, because more exports mean more employment and more imports less employment at home. And since one nation's exports are another nation's imports, international trade, under slump conditions, tends to dry up.

It follows that the most important contribution any country can make to the healthy reconstruction of international trade is to put its own house in order—in other words to adopt a policy of steady full employment at home. But it also follows that a policy of full employment at home is subjected to great strains and stresses as soon as a slump occurs elsewhere, because the slump outside makes it difficult to sell exports, while full employment at home maintains an undiminished demand for imports. That's as far as we got last time. Would you agree with those conclusions, Ragsdale?

Ragsdale.—Yes, I do agree. Full employment in all the trading nations would give a tremendous push to international trade. While a slump anywhere affects the rest of the world. We are well aware that a slump in America is damaging to world trade. If we stopped buying and intensified our competition in world markets, we would certainly upset your balance of trade—and confuse your employment programme.

Worswick.—How widely do you think this is understood in the United States?

Ragsdale.—I don't know how widely it is understood. But our Commerce Department has published a whole book to show that internal fluctuations in the United States have a destructive effect on America's willingness to import. It's clear to me that we can no longer expect to sell and not to buy.

Walters.—That's a very great step forward in American education.

Ragsdale.—We've learned some lessons.

Worswick.—None the less, there'll be enormous pressure within in the States against opening the American market to foreign producers the moment you get into a slump. At least I suppose we must assume that. Can we depend on your not having a slump?

Berrie.—Both our government and our business-men are making every kind of plan to avoid a postwar depression. But America is such a big market—that this fact alone makes it less predictable and manageable than smaller nations.

Worswick.—Does it?

Ragsdale.—Sometimes I think you on this side don't understand the complications for us in working out matters which seem simple over here. Still, I don't think you should count on our getting into an economic mess. Well, I see no sign in your papers of your leaving it to chance. I see a new plan about how to solve your export problem almost every day.

Walters.—Too many.

Ragsdale.—Your business-men are agitating for more government action. And I saw, in one of your London papers, that the Department of Overseas Trade is helping several hundred commercial travellers to go overseas, to recapture the markets that you had to neglect to fight the war.

Worswick.—That's rather a different point, isn't it? Aren't there two problems here?

Berrie.—Several.

Worswick.—The one problem is what we are going to do—how we are going to be affected—if an American slump suddenly makes it extremely difficult for us to export as much as we import—to pay for all our imports with our exports. That is a long-term problem, which will be with us as long as the American economy—or for that matter any other major economy—is subject to the old trade cycle of booms and slumps.

The other problem is quite a different one. It arises out of the war and out of the way the war has affected our exports and

foreign investments. The question here is whether we shall be able to increase our exports about fifty per cent. over what they were before the war.

Walters.—While we're on the subject of exports do let's do it justice. There are many people who *still* think it is simply for the sake of having more exports and having more employment in the export industries.

Worswick.—Thank you, I quite agree. This 50 per cent. increase has got nothing to do with making jobs for their own sake. Before the war, we had large overseas investments on which we, as a country, received some two-hundred-million pounds a year—in foreign currency—as interest or dividends. This foreign currency we used, to pay for part of what we imported. Shipping and banking services—also insurance—brought us another hundred-and-fifty-million pounds a year in foreign currency, and this again we used to pay for what we imported.

Walters.—Of course most of these investments have now gone.

Worswick.—Yes, we had to sell them and use what we got for them to pay for what we have been importing during the war. What shipping, banking and insurance will bring us in the future is difficult to say. Probably not nearly as much as it did in the past. In other words, these "invisible exports" (as we call them, something that earns money abroad without any actual goods leaving the country) the invisible exports have been cut to pieces by the war and we shall have to replace them by "visible exports"—goods sent abroad to an overseas customer. It's commonly calculated that we must export about 50 per cent. more than before the war. Which is five times the present level.

Walters.—Knowing something about exports I'll say it is a pretty tall order and I am sure that we are not taking it seriously enough. Mr. Ragsdale talks of hundreds of commercial travellers leaving London, but that is news to me. I hope he is right, but I don't know of many. It sounds as if its much easier to export a commercial traveller than say a ping pong ball. However . . . I think we can solve our *immediate* export problem after the war because the world is hungry for goods. They will take our goods if we can supply them at the right price. But we can only sell what we make and it is up to the Government to release, as soon as they can, more materials and manpower for exports. Once we have the stuff, there is little doubt that we can sell it, provided, of course, that prices are competitive. Now this question of prices is vital. The customer does not care whether prices are low because wages in our export industries are low, or because our efficiency is high, or because the rate of exchange of the pound is low. It is all one to him. What *he* wants is to buy at competitive prices.

Worswick.—Obviously—so you think Walters that there is a sufficient demand for our exports . . .

Walters.—For the first few years after the war, undoubtedly.

The demand will be enormous. Everywhere, for almost everything. But some overseas markets may be closed to us. The trouble is that many countries have started their own industries during the war because we couldn't supply them.

Berrie.—My country was one of them.

Walters.—This happened during the last war, and if they again make it their policy to keep our goods out at all costs, our position will be very difficult. The long term problem is another and more important matter. We shall have to do better than we did before the war and be really competitive in every sense of the word. This was certainly not the case in some branches of our export trade where we had been steadily losing ground for many years.

Worswick.—Ah! I suppose we were. It's beginning to look, then, as if we can solve our immediate export problem if several conditions are fulfilled. We must, as soon as the war production programme allows us, switch back to producing for export. We must be able to quote to our overseas customers a reasonable and competitive price—production costs and wages come in, but we mustn't forget the rate of exchange, because its the price to the foreigner which counts. And other nations must not be wildly protectionist.

Berrie.—Some of them will be though.

Walters.—Including Australia.

Worswick.—To solve Britain's immediate export problem, therefore, there are some things we can do ourselves and some things we can do only in co-operation with others. The British export "drive"—as I see it—is not a drive to "export unemployment" to other countries: it is a drive to get the foreign currency with which to pay for our imports and pay off our war-time debts.

Walters.—That's so.

Berrie.—I should have thought that what you've just said couldn't be over-emphasised. Our chief exports from Australia are wool, wheat, butter and meat. A lot of it goes to Britain. Australia's dependence on exports makes me agree strongly with your argument earlier on about the need for expansive domestic policies in all major countries. If other countries maintain full employment with their domestic policy, Britain will be able to fill the gap which your loss of overseas investments and other "invisible exports" has torn in your balance of payments. I think we in Australia also realise that if we want to go on exporting to you, we or someone else must buy from you.

Walters.—Australia getting educated too.

Berrie.—Yes, certainly. Our exports to you depend on your being able to expand your exports, and I expect your fifty per cent. is the right figure. Now it strikes me that all this does not apply simply to the United Kingdom. I think the idea should be generalised. If we were realistic, we should be as much interested in other peoples' exports as we are in our own.

Worswick.—I think a great deal would be gained if we could all cease to look upon British exports as if they were a specifically British interest. They aren't.

Berrie.—Well, naturally those who want to go on selling to you or who have sold to you on credit during the war are really intensely interested in your ability to pay.

Worswick.—To pay through exports.

Berrie.—Certainly, you have no other means of making international payments.

Worswick.—I cannot help feeling that this community of interest should receive far more emphasis than it has received in the past. But I see you've been trying to get in haven't you Mr. Ragsdale? Would you agree that the average American and the average Briton tend to approach their export problems from different starting points.

Ragsdale.—How do you mean?

Worswick.—The American problem, surely, is that if you do not buy enough from the rest of the world or engage in long-term lending operations, the rest of the world—no matter how much they would like to buy your goods—will lack the dollars to pay for them. Now, this, is one of the few problems which does not need to worry Britain. The rest of the world will have enough *sterling* to buy British goods. In the first place, our import demand is very large, and will be even larger if we have continuous full employment, so the rest of the world will find it easy to get sterling by exporting to us. And in the second place, our sterling debts, as a result of imports not paid for by exports during the war, are staggeringly large.

Walters.—Astronomical.

Worswick.—Sterling, therefore, will not be a difficult currency to come by. No one in the rest of the world will find it difficult to obtain sterling if he wants to buy goods or services from us. Dollars, on the other hand, may be very scarce for the rest of the world.

Berrie.—Look here, I've been agreeing with you up till now, but I hope Britain isn't going to try and exploit this situation. You've paid us in sterling for what we (and other countries) have sent you during the war. That's to say you've simply opened a credit account for us in a bank over here. These sterling credits which we now own are a dead asset to us unless we can use them to buy real things for ourselves. But we may not want to use them exclusively for purchases in this country. We may in fact want to buy American goods.

Walters.—You always did.

Berrie.—Well they sent us good stuff. Before we can do that, you must let us have dollars in exchange for the sterling you owe us. From that point of view therefore, we have a very strong interest in your exports to America—i.e., in American imports from the United Kingdom.

Worswick.—I agree! In the future everyone who wishes to

sell to us and everyone who has sold to us during the war and not yet obtained payment in the form of goods, is (or should be) intensely interested in us being able to export.

This, I think, defines the British position pretty accurately. We shall try to export wherever we can. If we succeed in exporting to the United States and thereby to earn a good supply of dollars, we shall be able to let Australia and our other sterling creditors have dollars in the place of sterling. If we can't, then the Australian, Indian, and other sterling balances in this country will remain "blocked"—that's to say available to these countries only for the purchase of British goods.

Ragsdale.—You seem to suggest Worswick that the people who obtained sterling credits for their war-time deliveries or people who will get them for their exports, to this country, should be forced to spend them here rather than anywhere else in the world?

Worswick.—It's not a case of forcing, it's a question of our possibly not having anything else to offer.

Walters.—Well personally, I take the view sterling must remain a freely convertible currency, as it was before the war. It must be as good as dollars or gold?

Worswick.—I quite agree. It would be much better to have sterling freely convertible, so that anyone who has or gets sterling can take it to the Bank of England without questions asked, get gold or dollars in exchange. But, as Berrie says, this depends above all else on other countries supplying us with gold or dollars in payment for our exports. The Bank of England possesses no mystical power to make a dollar or a piece of gold out of sterling. It can let you have dollars only to the extent that it has dollars to spare. "Converting" sterling into dollars is a bad word.

Berrie.—A. P. Herbert would say so.

Worswick.—Sterling does not get converted, it gets exchanged, just as anyone might go into a shop and "convert" a pound sterling into so many books, or whatever you like. The shopkeeper in our case is the Bank of England, and just as the bookseller can sell books only when he has got them, so the Bank of England can sell gold or dollars only when it has got them. How does it get dollars or gold?

Walters.—Well we all know that. From British exporters who have sold their goods for dollars or gold, and sell such dollars or gold to the Bank for sterling.

Worswick.—Exactly, and our Government has already made it quite plain that it will control our exporters, so that whatever foreign currencies they get will be offered for sale to the Bank of England. It has also stated that the ordinary British citizen won't be able to go to the Bank and buy gold or dollars merely for the purpose of taking his money out of the country. Add to this that we're proposing to try and earn as many dollars and other foreign currencies as we can by a vigorous export drive and surely we can say that we are perfectly prepared to do anything within our power to make sterling "convertible."

Berrie.—I quite understand the position you are in. To get enough exports to maintain full convertibility of sterling, you depend upon the willingness of others to buy from you.

Worswick.—And their willingness to buy from us, or from anyone else, depends on their not returning to slumps, unemployment, and all the rest of it.

Walters.—Not entirely, we've got to supply the right kind of goods.

Worswick.—That brings us back to where we started from. A slump in the United States might ruin the system mightn't it?

Ragsdale.—Well, our Department of Commerce takes that view.

Worswick.—Or a great American export drive, coupled with a high American tariff to keep foreign goods out might also ruin the system.

Ragsdale.—It might be damaging.

Worswick.—The convertibility of the pound depends quite as much on the United States as it depends on us—more so. Now if I may speak for myself I feel very strongly that the strains and stresses which a slump somewhere else would put on us ought not to be allowed to ruin our full employment policy at home.

Berrie.—Why should it?

Worswick.—The choice might be between full employment with blocked sterling or other complications and unemployment with free exchange. Other things being equal my own preference is for a free system of international trade and exchange. And I think the majority of people will agree with me about that. But ought we to be willing to follow America, or anyone else, for that matter, into a slump—if such a slump should occur?

Berrie.—Certainly not.

Walters.—Well, what are you suggesting could be done if a slump comes?

Worswick.—Well. If we can't get the exports we want because of the slump abroad we shall have to cut down our imports.

Walters.—Quite so. But doesn't that mean giving up your full employment policy here?

Worswick.—It all depends how you do the cutting down. One way, is, as you suggest, to give up the full employment. That, incidentally, is what would happen if we were tied to a gold standard. Under that system everyone here would be free to buy goods at home or abroad, whichever he preferred, so the only way to get imports down would be to let employment and incomes fall until we are so poor that our demand for imports also falls to the amount our exports can pay for. But there are other ways of curtailing imports.

Instead of an all-round reduction brought about by reducing incomes, another way is to alter the exchange rate of sterling against other currencies. In this way imports become more expensive in terms of sterling to British consumers, who would thus

tend to buy less. Or we can introduce even more direct control of imports.

Walters.—You mean the war-time controls.

Worswick.—Yes; instead of cutting down imports generally we can bring them down selectively, cutting out the purchase of non-essential goods or goods for which we could relatively easily find a home-produced substitute.

Walters.—Wouldn't that hit your suppliers overseas?

Worswick.—Yes, but that would happen anyway. One way or another we should be obliged to cut down imports—you will remember that was made necessary by the initial fall in our exports. But we might offer to continue to buy from them on the previous scale, provided they continued to buy from us on the previous scale.

Berrie.—Well, I believe you might find quite a few countries ready to strike such a bargain with you. In the event of an American slump they would all be in much the same position as ourselves. Their exports would fall, while their import demand would continue as before. Countries that aim at the maintenance of steady full employment should not I submit, make each other's life difficult by curtailing their purchases from each other. If the United Kingdom simply hasn't got anything but blocked sterling to pay for our exports, speaking for myself I should say we'd rather have blocked sterling than nothing at all. We'd rather, I should think, sell against sterling which we can use only in Britain, than get stuck with our crops and to destroy them at home.

Walters.—That would suit me.

Ragsdale.—But Mr. Berrie, what you're driving at is pure bilateralism.

Berrie.—Can't help that.

Ragsdale.—You would have countries make special deals with one another excluding outsiders from competition. This kind of discrimination is what gave the world so much trouble before.

Berrie.—I'm not so sure.

Worswick.—Don't misunderstand Berrie and me. We are not making a general argument in favour of special deals, exclusive trading, blocked currencies, and all the rest of it. Britain, it seems to me, faces two problems: How is she going to get that general increase in her exports made necessary by her loss of overseas investments and other sources of income, as a result of the war? And, quite apart from this, how can we maintain full employment at home in the face of a sudden slump abroad? If America buys generously from the rest of the world, or gives generous credits to devastated or backward areas throughout the world—if America supplies the rest of the world with the amount of dollars needed to buy what America wishes to export—then all will be well. We can then have a free "multilateral" system of trade, without blocked currencies, without special bilateral bargains and so forth. And that, as I say, is, I believe, what most thinking people over here would prefer. But if she doesn't, then I suggest that we might

be forced to adopt new devices. We are using them now, and I doubt whether, in any case, we shall be able to get away from them quickly.

Ragsdale.—Don't misunderstand me either. I can see why. You need a dependable market. Using bilateral devices, is the easy way to get it. It guarantees you against the hazards of free trade. But I believe that from an American point of view these devices would look like Dr. Schacht's manœuvring to beat up German trade in the 'thirties.

Worswick.—Partly as a result of an American slump.

Ragsdale.—Agreed. But these practises do seem to us the very kind of barriers which lead first to commercial conflict and then to political conflict. The danger is that they are used as an expedient and then you can't get rid of them. Almost every speech of former Secretary of State Hull hammers on this point. I am afraid that if you make too many direct deals for exclusive trade—trade that discriminates against other nations—then America will feel that this is a breaking down of the general effort to encourage trade on a world basis.

Worswick.—I agree that the world cannot benefit from restrictions which hamper the flow of trade. But don't let us jump to conclusions. I should say that it's *internal* depression, much more than any "restrictions of trade," which causes the trouble. I'm only suggesting that we shall have more international trade if—at a pinch—we buy against blocked sterling than if we refuse to buy altogether.

Berrie.—That's what I felt when I said that we might prefer to sell against blocked sterling rather than not to sell at all.

Ragsdale.—Yes, you might have to but don't overlook the danger of expanding trade in a prosperous world.

Worswick.—It all depends on how prosperous the rest of the world is. If the world is generally prosperous, yes. Then we might import and hope for the best that someone, by buying from us, will supply us with the necessary cash. But not when there is a slump—a slump in America for instance. If we had an International Lending Authority which would arrange that any country wishing to export more than it imported would automatically cover the difference by making loans to some needful area the problem could be solved, I believe, without resort to any of the devices you dislike.

Ragsdale.—What about Bretton Woods?

Worswick.—Ragsdale, I'd very much like to talk to you about Bretton Woods, but it's a wide and highly debatable issue, and I don't think it would be right for us to put forward opinions which we shouldn't have time to substantiate.

Walters.—Do I understand, Mr. Worswick, that you think our export problems can be solved and also, to come back to our first question, that we can maintain our full employment at home whatever happens abroad?

Worswick.—I do, yes.

Berrie.—So do I.

Worswick.—And, as I said earlier, full employment at home strikes me as one of the best contributions we can make to a healthy atmosphere for world trade. Full employment shows up the great virtues of international division of labour, the economies of international trade as a labour-saving device.

Walters.—The free trade doctrine—

Berrie.—It is indeed!

Worswick.—If we can't be sure that all important countries will succeed in maintaining full employment we can, I submit, at least organise international trade in such a way that it ceases to be the germ carrier of depression throughout the world. May I try to sum up in the form of three possible cases.

Walters.—Yes, do.

Worswick.—Case 1. This is the most difficult but, I think, the most unlikely. We try to maintain full employment in Britain while all other countries continue to be subject to booms and slumps. Obviously to get steady full employment under these conditions would require a pretty strict control of our foreign trade with bilateral trading agreements.

Walters.—Agreed.

Worswick.—Case 2. Several countries, besides ourselves, pursue full employment policies, while other countries do not. Clearly this situation would be much easier to handle—we should be able to rely on a steady demand from a part of our overseas buyers. So a less drastic control of foreign trade would be needed.

Case 3. All countries aim at stable full employment. This, I think it's fair to say, is the ideal solution. Under it we should be able to take part in free multilateral trade to the mutual benefit of all countries without jeopardising our own full employment. It's not for me to say which case is the most probable. What I can say is that if you put full employment first there are ways of maintaining it in Britain, whatever may happen abroad.

No. 8
"AND SO TO WORK"

Three speakers attempt conclusions.

G. D. N. WORSWICK
 G. N. VANSITTART
 EDWARD HIGGINS

Announcer.—Jobs for All! We come this evening to the final of this series. Three speakers attempt conclusions. The speakers are David Worswick, G. N. Vansittart, and Edward Higgins. The title they have chosen for this is, "And So To Work!"

Worswick.—Think of hungry people and idle hands. Not a few here and there but millions. That's where we started these discussions on Jobs for All.

Now we are going to attempt to sum up. That is a difficult enough job in itself, because we covered a great deal of ground.

Let me begin by recounting as briefly as I can the essential economic argument. It starts from the simple statement that it is spending which creates employment. Personal spending on clothing makes jobs for shopkeepers, wholesalers and workers in the clothing and textile trades. The spending of industrialists on private investment—that is to say, the building of factories, the installation of machinery, piling up of stocks of materials—spending on these things makes jobs for builders, engineers, miners and so on. The spending of the Government, and Local Authorities, on education, on housing, on health, on armaments, creates jobs for teachers, builders, doctors, munition workers. The spending of overseas buyers on our exports makes work for those engaged in the export industries: equally, of course, our spending on imports gives employment to workers overseas and this must be subtracted from the total. If we add up all these items of expenditure: personal consumption; private investment in factories and equipment; public expenditure on housing, defence and social services; and the balance of foreign expenditure (i.e. exports minus imports)—add them all up and we shall know how much employment there will be. If the *total* expenditure is insufficient—then there will be unemployment.

What is needed therefore, is a means of keeping up total spending at such a level that there are as many jobs as there are workers, a means of ensuring that we always take the goods out of the shops as fast as we can put them in. Someone said to me after the second discussion in the series: "Well, it seems too easy: all you say is that everyone should be extravagant." But that missed my point altogether.

We don't want to interfere in any way with the freedom of the individual person to spend or save his income as he pleases. What is required is an overall regulation of *total* expenditure, and this only the Government can do. By using its powers to borrow and spend, and to tax, the Government can increase and regulate total expenditure. It can do this either by claiming directly any resources of labour which would otherwise be idle—using those resources to produce things which the community needs, housing, schools, defence, and so on. Or by changing the rates, or the structure of taxes, it can raise the spending power of individuals and thus claim these idle resources to satisfy individual needs.

I indicated two ways of regulating expenditure. The one is for the Government to borrow and spend, on the scale necessary to ensure full employment. This is called deficit finance. Some people would say that this is merely encouraging the Government to be extravagant. But extravagance means being wasteful. And, for the nation as a whole nothing is more wasteful than the unemployment of workers. Deficit finance is therefore economical if it increases employment and output and so reduces the needless waste of unwanted idleness. It does, however, imply a rising National Debt. Since the National Debt is something we owe to ourselves, this I argued, need not worry us unduly.

However, it would be possible to combine jobs for all with orthodox finance if we brought about a certain re-distribution of incomes from the savers to the spenders: one way I suggested would be to shift from taxes which fall on the consumption of the poor to taxes which fall partly or wholly on the savings of the higher income groups.

To the layman public finance and monetary matters appear complicated and paradoxical. They make sense so long as we think always in terms of real things, of the production and consumption of food, houses, motor cars, entertainment, and so on.

What about exports and imports. We tried to bring out in our discussions the fact that there can be two distinct attitudes to international trade. If a country has full employment—then it will tend to look at international trade—as it should do—as a means of saving labour—as a means of getting the goods we want with least effort. But if there is unemployment—then there is a tendency to look for any means of making work. And increasing exports is *one* way of making work. If every country tries to do it—to increase exports and reduce imports the result is a game of international beggar-my-neighbour. It is this double sidedness of international trade—saving labour on the one hand and making work on the other, which causes so much confusion. I argued that the best contribution any country can make to the solution of international trade problems is to ensure full and stable employment at home, and I also tried to show that it's possible for any country to safeguard its full employment whatever may happen abroad. Jobs for all begins at home.

"And so to work." A policy of jobs for all depends upon

the principle that the Government should maintain and regulate the total expenditure on goods and services. As you know, the Government, in the White Paper on Employment Policy, has accepted "as one of its primary aims and responsibilities the maintenance of a high and stable level of employment after the war." Government action depends in turn upon you and me the ordinary citizen. We have not only to see that there is a policy of jobs for all, but also to decide what kind of jobs they should be and for what purpose.

A policy is the first step. But a policy must be carried out. That means practical problems for employers and workers, for management and men. We tried to discuss some of these practical issues in the middle of this series. One of the speakers was Mr. Vansittart and he's here again.

Vansittart.—I don't know whether it seemed strange to anybody that we should have chosen this particular time to talk about full employment when there's such a tremendous amount of work to be done. Think of it for a moment. We've got a job on our hands that will take every ounce of man-power and material we can find. We've got to build millions of houses. We've got to replace thousands of tons of worn out machinery and equipment. We've got to help to set the damaged countries of Europe on their feet again. And somehow or other—as the speakers said last night—we've got to increase our exports by 50 per cent. to pay for the food and raw materials we need. Thinking of all that, you might conclude that since there was going to be more than enough for everybody to do there wasn't the slightest need to worry about full employment. If that is how it strikes you, you've got to make one important distinction, the distinction between need and effective demand. They're not the same. Great need doesn't necessarily produce effective demand. Think back a bit. There's nothing new about huge unsatisfied need. Think back as the speakers have to the years between the wars. Millions of people wanted food and houses and clothing during the worst years of the slump and depression. That didn't mean that they could get them. To be in need of a thing is one thing. To be in a position to go to the shop and ask for it is another.

No! I think there's no doubt that we need a full employment policy. Well, let's suppose we get full employment. That's going to make a good deal of difference to the atmosphere in which we live and work. I think that's come out in these talks. I look at it as an industrialist. If, after the war, there are going to be more jobs to do than men to do them, men are going to be in demand. And in that situation I believe the business man, the employer, will have to change his attitude considerably, not only towards his employees, but towards the general public. It seems to me that the business man has got to look on himself less as a private man developing a private opportunity and much more as a public servant. I think he's got to take the public more into his confidence than he has in the past. The big industrial

organisations, it strikes me, must be prepared to meet in very open fashion public criticism of their production costs and their price policies. Inside our businesses, too, I believe we've got to develop more understanding between management and men. Several of the speakers in their broadcasts agreed about that. We've made progress there during the war and in the future I feel sure the management will have to take the men into their confidence and the other way round as well. It's no use the two sides sitting looking at each other with poker faces. Both sides have got to put their cards on the table instead of holding them close to their bellies. The whole thing has got to be a partnership, a team, and any partnership is going on the rocks if the partners don't trust each other and keep on having secrets behind each other's backs. That would be the way here, I believe, to an everlasting smash. And what about the efficiency of industry? I think all the speakers emphasised the fact that that must be the source of our real wealth. Well! If I may give you my personal views again I think people are still much too satisfied with the old methods. I dare say you've heard people comparing the output per man over here with the output per man in America and comparing it to our disadvantage. Does that mean our chaps don't work so hard or don't work so well? It doesn't. It means simply that they are less well equipped. Give them the tools and they'll match anybody. And at present British industry isn't giving them the tools.

Right! So far, so good. In my view we must be better informed and better equipped. Now a third point. I think the speakers in these talks have made it pretty clear that some measure of Government control is an essential part of full employment policy. For their part, as Worswick said, the Government in their White Paper have accepted responsibility in the matter.

Government, management, men : That's your team and unless that team works together to a plan, it's no good. That's how it seems to me at any rate. We've got to have a blue print. And we might have the best blue print in the world, but unless the three members of the team—Government, management and men—are agreed to accept it and to work upon it, it won't work, that's all.

People kick against Government control. I still hear people say that it shouldn't exist. Personally, I think it's too late in the day to say that. Government control does exist and must exist, I think simply for the reason that nobody else has or can have all the facts on which to draw up the blue print for the team to work on.

But I wonder if there isn't room for a lot of improvement. At present it seems to me post-war planning is spread all over the landscape, but surely there could be some central point where we could all of us discover exactly what our resources are, a central point where we could make our specific needs known. Until we exchange this information, how can we distribute resources to meet requirements? The central point it seems to me cannot be any-

where except the Government. Industries have got to plan for the employment of their workpeople on the assumption that the materials they require will be available. But will they? If not, their plans are waste paper. Take steel for instance, and rubber. Is there going to be enough steel and rubber to build priority steel houses, and amongst many things to bring back the motor industry to making private cars? I don't know. And nobody surely can answer that question except a central and controlling Government. The principle it seems to me, is being accepted by implication; why not openly? There are dangers in central control, of course. We must not let them interfere with essential freedoms. I suggest that our best safeguard is openness, accessibility all round, information, the freedom to enquire.

Finally, like many of the other speakers, I'd like to sound a note of warning. It strikes me that all this new economics may sound too easy. The ordinary chap might get it into his head I think that a grand time is coming in which the Government can be expected to provide him with plenty of money, while somebody pays him at full-time rates for working half a week and everything in the garden is lovely. It isn't going to be like that. We can't solve the kind of problems we're up against in business and industry today by simply pulling rabbits out of a hat. The speakers in this series have argued, and I agree with them, that we need a financial policy to unstick the machine. But that's only the beginning. Then we've got to get down on it and produce the things we need. We've a lot of ground to make up. As I see it, we've got to examine our efficiency, we've got to examine our organisation, we've got to inform ourselves better all round.

Well! Let's get going! The millenium is not just round the corner, nor is it likely to be near, unless we go out for it with all we've got.

The title of this talk, is "And so to work"! Right! I say, let's all go to it.

Your turn now, Higgins, I think.

Higgins.—You've been talking about hard work. Well, as a trade unionist I'm not frightened of hard work. We've done a job in the war and we know we've got to keep up the good work in peace. But the boot has been on the other foot. Naturally some of us don't forget the bad times when we wanted work and couldn't get a job. It hardly needs saying then that *we're* in favour of full employment. But, I myself, do not look on the policy of full employment as meaning necessarily additional hard work for the people who have to do it. I look on the policy of full employment as one which can provide more jobs than there are people to do the jobs, but instead of meaning longer hours and greater physical effort, a concentration of increased efficiency which will mean a rise in production, and so also a chance of shortening the working week so that people will be able to enjoy their leisure.

But to come back to the question—what does full employment seem to me to imply? It implies in principle—I agree with

Worswick—that the Government must use its powers to maintain total expenditure. Effective demand is our best road to there being jobs for all in a free society.

Further than that I think we've seen that if we really want jobs for all, the Government must take adequate powers to control the location of factories and industries. And we've seen also, I think, that under certain circumstances we may need control of imports and exports. I, personally, expect we'll need other controls too! For instance, the control of investment. Very well then, what about labour? Oughtn't the Government to control labour as well. That may look like a complementary question.

But I don't think it is. Workers, after all, are not just complementary to machines. Controlling labour would mean directly interfering with a great many human lives; and when we discussed it round the table we agreed, I think, that the sooner we could afford to drop direction of labour the better. None the less I myself think that in the first few years after the war the Government must continue to control and direct labour. My colleagues are not all prepared to go as far as I am in this; but I think the trade unions will be prepared to co-operate in directing labour to essential priority jobs—like this housing emergency. We'll take direction for a job as urgent as that. At least that's my opinion.

But if we're going to be told as workers where we've got to go, then I think we've got to have guaranteed conditions; we've got to be sure we won't lose by being moved.

Direction, then, if it's necessary for the emergency period! What about later on? Taking a longer view, I personally think there will still have to be an organised policy of placing labour—but now I don't mean anything like conscription. What we will need, I think, will be to influence and persuade people to move into the job most urgently needed. We can do it surely, by providing training. We can do it by a higher standard of education. And we can do it by providing adequate financial inducements.

This last point seems to me very important. We talked about it round the table last week. Before the war many of the heaviest and dirtiest jobs in industry were the poorest paid. This was only possible because there was excessive unemployment in these trades and because there was some unemployment about everywhere. But under conditions of full employment these underpaid workers in the dirty jobs will quickly move elsewhere. If we want to keep them where they are we shall have to be prepared to pay the man who does the dirty work, as much, or even more, than more skilled workmen who are working on a more congenial job.

If this is going to be done, I think on the trade union side we shall have to take a broader view of wage policy—to look at the economy as a whole. When we talked about this in a discussion they didn't all agree with me—even on the Labour side. None the less I am convinced that we in the unions are not going to wreck the full employment policy by asking for too much. But I admit the wages problems won't be easy.

Vansittart stressed our need for efficiency. I agree with him and say this, that if we're going all out to enlarge the cake, we on the trade union side would like to make efficiency more of our business. I believe that with a full employment policy this will happen. If we're sure of jobs, you won't find us blocking improvements. On the contrary! we'll be asking the boss to try new methods, instal new machines and so on. It will be our common interest. That will be something of a change of attitude I admit. And it may not always come at once. After all we have something of a deadweight of past suspicion to carry in the working-class movement.

Vansittart admitted this. We must admit it and then get rid of it. Vansittart argued that we must get rid of suspicion at the top level—between the Government, employers and trade unions. And we must also, I agree with him, have a big change in the workshops as well. I don't think we can any longer expect people who are in the workshops merely to accept dictates from their Chief Office. They must themselves know what is going on, understand the problems, and play an active part in seeing that the job is properly done. We've seen this working in wartime—where the Works Committees and Joint Production Committee are most active. We've shown in the factories that we've got ideas about doing the job better; and that we are willing to put our backs and our minds into production. And after that experience I don't think we're going to be content in the future to leave it all to the Board of Directors. "Do it this way!" "Do it that way!" Alright, but we shall want to know why it must be done this way and not that way. And I think we want the chance of a voice in altering policy if we think that is needed. That strikes me as the best way to counter the fear that if there is full employment there will be indiscipline in the works. I say the proof of the pudding is in the eating. During the war the trade unions and Production Committees have been learning the highest form of discipline—self-discipline.

One final point, if I may be allowed to make it, in these broadcasts we haven't discussed the issue of Capitalism and Socialism: at any rate, wherever it did come up it was always put off as being too wide an issue. My view on this is that I'm perfectly prepared to try to run the full employment policy within the existing system, without prejudice to my belief that the socialist system of society is the ultimate solution of the problem. Obviously we want to have full employment anyway—we have some bread and we want some jam on it. But my own view is that we should not only socialise demand, but the means of production as well. I believe it would be more efficient as well as more just. But I agree that's not relevant to the matter in hand, and for my part, I'm prepared to go all out for full employment, leaving the socialisation of the means of production as an open question for further debate.

Worswick.—And so to work! Will there be jobs for all after the war? That's the question we asked at the beginning. We have

not answered it fully. We've tried to show *how* there can be jobs for all. Whether there will be depends on you and me, as citizens. We've also talked about some of the practical difficulties which might come up if there is a full employment policy after the war. To talk about difficulties isn't to solve them. Both Vansittart and Higgins have agreed that success depends on the attitude of management and men. Both, they said, must take a wider view of their aims and responsibilities.

Vansittart laid great emphasis on improving our industrial efficiency. As an industrialist, he's right to do so; that's his job. But I've tried to bring out all along that a full employment policy is an essential pre-condition to a drive for industrial efficiency. And that was the purpose of this series to explain how we can arrange that all the workers looking for jobs will be able to find them. Higgins, too, touched on this point and raised an even wider issue by mentioning the socialisation of the means of production. That's a very big and important question but we left it open. However, the total output is produced—whether by private enterprise or public enterprise—the problem of effective demand is there. Our discussions have been about making sure that we can always take out of the shops whatever we're capable of putting into them.

Vansittart brought out very strongly that in the coming years, we have a great task of reconstruction ahead of us. We can't have all we want. We must have a scheme of priorities—a plan for putting first things first. That seems to me to be the right way to look at full employment. If we set out to raise our standards of living, of housing, nutrition, health and education; and if we aim also to provide adequate leisure to enjoy the fruits of our labour the jobs will look after themselves. Then, indeed, we can be assured that the tragedy of poverty in the midst of plenty and the scourge of unwanted idleness will be banished for ever from "England's green and pleasant land."